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Iran Voters Sense Power In Local Elections

By Howard Schneider
Washington Post Service

TEHRAN — In the war room of the Islamic Iran Participation Front, Mohammed Reza Tahmohsebi shuffled the pieces of a Tehran city map that he had cut up, neighborhood by neighborhood, to fine-tune his group's battle plan.

One bus per district, five volunteers per bus, all armed with campaign fliers that he hoped would tilt the local elections Friday — the first since the Islamic revolution in 1979 — in favor of his party's candidates and therefore in favor of the country's reformist president, Mohammed Khatami.

The elections have generated enormous excitement in Iran, enticing thousands of candidates into the ring and raising hopes that Mr. Khatami's vision of a more open, pluralistic society may be edging closer to reality. With a spirited competition among



Young Iranians in Tehran poring over their ballots Friday before voting in the first local elections since 1979.

states of liberals and conservatives, reformers and traditionalists, the elections are "important because part of the power of the government is going to transfer to the people," Mr. Tahmohsebi said.

Turnout at the nation's 50,000 polling stations appeared to be heavy. Voting, which began at 8 A.M. and was

to last eight hours, was extended by one or two hours in a number of cities, including Tehran.

Although it is far ahead of many Middle Eastern countries in terms of political pluralism, Iran is still some distance from democracy as practiced in the West.

Ultimate power rests with an un-

elected religious leader, Ayatollah Sayed Ali Khamenei, whose conservative followers continue to dominate Parliament and the security services. This week, the campaign headquarters of one liberal party were sprayed with gunfire and workers at another were

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Clinton Calls Help For Russia a Priority

He Pledges Support to Confront Moscow's 'Enormous' Problems

Compiled by Our Staff From Dispatches

SAN FRANCISCO — President Bill Clinton said Friday that one of the main priorities of American foreign policy should be to help Russia overcome its enormous problems.

"We must confront the risk of Russia weakened by the legacy of communism and also by its inability at the moment to maintain prosperity at home or control the flow of its money, weapons and technology across its borders," Mr. Clinton said in an address to a group of foreign policy and public affairs organizations in which he outlined his foreign-policy goals for the final two years of his administration.

"The dimensions of this problem are truly enormous," he said. "If Russia does what it must to make its economy work, I am ready to do everything I can to mobilize adequate international support for them."

In the speech, Mr. Clinton also pleaded for active U.S. involvement overseas — from China to Kosovo — saying Americans "must embrace the inexorable logic of globalization."

He offered a defense of China on the same day that the State Department reported a sharp erosion of human rights there.

"Everything from the strength of our economy, to the safety of our cities, to the health of our people depends on events not only within our border but half a world away," Mr. Clinton said.

The conflict in Kosovo, where his administration has yet to cement a peace deal despite Secretary of State Madeleine Albright's intervention and an offer of U.S. peacekeepers, was a centerpiece of Mr. Clinton's outline.

"Kosovo is not an easy problem," he said. "But if we don't stop the conflict now, it clearly will spread. And then, we will not be able to stop it except at far greater cost and risk."

The president issued a warning to President Slobodan Milosevic of Yugoslavia that NATO was "prepared to act" if his forces engaged in repression of ethnic Albanians in Kosovo before peace talks resume on March 15.

"President Milosevic should understand that this is a time for restraint, not repression," Mr. Clinton said. "And if he does not, NATO is prepared to act."

Mr. Clinton spoke as the State Department released in Washington its annual human rights report to Congress. The timing put Mr. Clinton in the awkward position of defending China — and his policy of engagement with the communist giant — at the same time that his administration reported a sharp deterioration in that country's human rights record. (Page 2.)

A crackdown on political dissent late last year reversed recent signs of improvement, the State Department found. Mr. Clinton tried to find an explanation in China's economic problems.

"China's rate of economic growth is

The Dollar		
	Friday 4:30 P.M.	Previous Close
New York	1.1025	1.1043
Euro	1.603	1.6041
Pound	1.1805	1.1775
DM	1.774	1.7714
FF	5.9477	5.9411
Dollars per pound and per euro		
The Dow		
	Friday Close	Percent Change
50	9,306.58	-0.64%
S&P 500		
50	1,238.33	-0.54%
Nasdaq		
50	2,288.01	-1.67%

U.S. Growth Surges in 4th Quarter

Economy Steams Ahead At Annual Rate of 6.1%

By Sylvia Nasar
New York Times Service

NEW YORK — Wearing the rest of the world's woes as lightly as a silk scarf, the U.S. economy waltzed into 1999 even faster than previously thought.

The nation's output of goods and services grew at a remarkable 6.1 percent annual rate in the fourth quarter of 1998, a good deal more rapidly than the 5.6 percent annual rate earlier estimated by the Department of Commerce, and more rapidly than at any time since the spring of 1996.

At the same time, inflation dipped to a 0.7 percent annual rate, the lowest since the Soviets launched Sputnik more than 40 years ago. It was an extraordinary turn for one of the world's most mature economies, much less one in the ninth year of an economic expansion.

Instead of languishing in warehouses, the extra year-end production ferried out by the Commerce Department was reflected in stronger sales to customers. Consumers bought cars and other big-ticket items, home buyers snapped up new construction, and foreigners, despite their troubles, kept on buying American products and services.

For all of 1998, the economy grew 3.9 percent, matching the 1997 increase.

To be sure, some of last quarter's strength was exaggerated by one-time factors and therefore likely to be undone in the current quarter. The orgy of year-end car buying, which followed the end of last summer's GM strike, will not be repeated.

An apparent easing in the nation's trade balance at the end of the year, which helped strengthen the growth figure, is probably an artifact of the imperfect art of seasonal adjustment.

For the last half-dozen years, like clockwork, the trade figures have improved in the fourth quarter only to deteriorate sharply in the first.

Moreover, the world is still a dangerous place, as Alan Greenspan, chairman of the Federal Reserve Board, keeps repeating. The possibility that stock prices could fall from lofty levels continues to pose the biggest risk to the U.S. expansion.

But that is not the only risk: Private debt, for both households and corporations, has been growing at an impressively rapid rate, and while the trade deficit shrank at the end of last year, it nonetheless set a record for the year as a whole.

That said, the economy's momentum is impossible to gainsay. The latest snapshot has forecasters raising their 1999 growth estimates yet again — forecasters are now looking for nearly 3 percent growth in the coming year — and ordinary Americans pondering some of the likely consequences of that strength such as higher interest rates and a stronger dollar.

As always, growth is bound to be uneven. Trade will almost certainly exert a drag on the economy, says William Dudley, chief economist at Goldman Sachs. Mexico is being kept aloft by the strong U.S. economy, but the rest of the Latin American economy is sinking rapidly in the wake of Brazil's devaluation.

South Korea is growing again, Japan is showing some signs of life after a massive infusion of fiscal stimulus, but Asia is apt to remain shaky for a while to come. And Europe seems to be slowing down faster than most people expected. The German economy actually shrank slightly in the fourth quarter of 1998. Home buyers, who drove sales of

Russia Is Sinking Into the Void of a 'Failed State'

Faltering Central Authority Imperils Nation

By David Hoffman
Washington Post Service

MOSCOW — When President Boris Yeltsin arrives at the Kremlin, a Russian tricolor is hoisted over the citadel of government authority to show that he is there — at work.

But the flag has not flown much lately. Mr. Yeltsin, suffering from a bleeding ulcer, has come to the Kremlin only sporadically.

Although he was back in the office Friday, his prolonged absences are contributing to what some prominent analysts maintain is a long slide toward the collapse of central authority in Russia, and, perhaps, the crumbling of Russia as a federation.

Russians have long feared that the country would shatter in a violent crack-up, ignited by secessionist movements in its diverse regions.

But a different model is now gaining currency among political and economic analysts, who say Russia is in imminent danger of becoming a "failed state," not breaking into pieces as the Soviet Union did, in December 1991, but simply ceasing to function as a cohesive federal government.

Many Russian politicians and political analysts say the debasement of Moscow's authority — possibly leading to a long stagnation and drift in which no one rules — threatens to bring its own special dangers, opening the doors to

even more corruption and lawlessness, weapons proliferation, health hazards and environmental pollution.

If Russia becomes a failed state, the risks are that individual regions and parts of Russian society will go their own way — making it difficult, for example, for Russia to control factories making missile parts or to cope with such problems as a spread of disease or massive piracy of intellectual property.

Prime Minister Yevgeny Primakov has become so concerned about the ebbing power of the central government that he suggested recently that Russia should scrap the election of regional governors, seen by many as one of the major gains of the country as it seeks to democratize.

Instead, Mr. Primakov proposed that regional chiefs answer directly to the Kremlin, as they did in Soviet days — which would require rewriting the constitution. Mr. Primakov lamented that the Kremlin's chain of command over the country was "not a solid line" but rather "a vertical broken line — broken."

Moscow's once all-powerful authority had been eroding for years, even before the disintegration of the Soviet Union. But in recent months, several factors seemed to add to the disarray.

Hobbled by economic decline, the government has become dysfunctional in some of its core responsibilities, including such pillars of central authority as the military, the courts and tax collection. Also, a political vacuum at the top —



President Yeltsin of Russia, right, in an exchange Friday with Prime Minister Primakov during a conference on a regional customs union.

the president ill, his prime minister struggling to hold together an unwieldy coalition cabinet — has left Russia rulerless and thrust problems on the often-unprepared regional bosses.

The deterioration of Kremlin power could be difficult if not impossible to reverse. Russia has become an anything-goes, chaotically libertarian society.

Meanwhile, the central government has crumbled from within. In everything from law enforcement to the military,

from public health to scientific research, Russia's national institutions and agencies are a bare shadow of earlier years.

Some of Mr. Yeltsin's lieutenants have tried in vain to reassert the might of the center, such as an attempt two years ago by Deputy Prime Minister Anatoli Chubais to use police tactics to force major companies to pay taxes.

It flopped. As a result of government

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Hong Kong Faces Up to Testing Times

Court Bows to Power of China

As Sales Fall, Growth Slows

By Mark Landler
New York Times Service

HONG KONG — Bowing to intense political pressure, Hong Kong's highest court said Friday that it had not meant to challenge the authority of the Chinese government in a recent ruling on immigration.

The extraordinary statement, which came in response to a request by the Hong Kong government, may heal the most serious rift with Beijing since this former British colony reverted to Chinese rule 19 months ago.

But it drew blistering criticism from lawyers and opposition leaders, who said the court's statement was a surrender that bodes ill for the future of a vigorous and independent legal system in Hong Kong.

The Court of Final Appeal ran afoul of Beijing when it ruled last month that children born in the mainland who have at least one parent living in Hong Kong have the right to residency here.

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Newstand Prices	
Bahrain	1.000 BD
Cyprus	1.000 CYP
Denmark	17 DKR
Finland	12.000 FIM
Gibraltar	1.000 GIB
Great Britain	1.000 GBP
India	1.000 INR
Japan	1.000 JPY
Korea	1.000 KRW
Malaysia	1.000 MYR
Nigeria	1.000 NGN
Philippines	1.000 PHP
Russia	1.000 RUB
Saudi Arabia	1.000 SAR
South Africa	1.000 ZAR
Taiwan	1.000 TWD
U.S. & Canada	1.000 USD
U.K.	1.000 GBP
Zimbabwe	1.000 ZIM



Nigerians Go to the Polls With Few High Hopes

By James Rupert
Washington Post Service

ABUJA, Nigeria — Nigeria's election of a president Saturday could become the first time in 20 years that its more than 100 million people get a voice in choosing their government. It is an improvement over three decades of corrupt, often brutal, military rule, but falls far short of democracy, according to most Nigerians interviewed in recent months.

Amid the baroque of city markets or the placid offices of lawyers and church leaders, it is not celebration, but something cautious, hopeful and fearful that Nigerians express about their chance to elect a government.

That is because this "isn't the real transition to something democratic," said Kayode Fayemi, a Nigerian political scholar based in London. "But it could be an opening of a political space that could let civil society slowly build democracy. It's the best we can hope for right now." Still, the election advances a

change here that could become Africa's most important political transformation since Nelson Mandela led South Africa out of apartheid.

A decade after this continent began a halting shift from Cold War dictatorships toward more democratic governments, "Nigeria is the single most powerful actor" for a wide swath of Africa, said Edem Kodjo, a former prime minister of Togo and secretary-general of the Organization of African Unity.

He said in an interview last year that if it turned democratic with its "huge economy and influence, the strongest of Africa will have no future."

For now, Nigeria's senior soldiers, many of whom have built business and political machines with fortunes they gained in office, are not really giving up power. Rather, discredited by the economic destruction and unpopularity of their rule, they are making what many Nigerians say is a tactical retreat. They are giving up direct fiat for a more discreet role in what effectively will be a coalition government formed of retired military officers and prominent civilians who have been

their political and business partners for years.

Like armies that quit power in Chile, Pakistan, Argentina and elsewhere, Nigeria's military is seeking protection against retribution for its acts in office or a loss in status, according to Isawa Elaigwu, a Nigerian political scientist. Active and retired officers are worried by Nigerian demands for investigations of military corruption and brutality, a Western diplomat said.

"They're more worried about what has happened to Augusto Pinochet," who is facing possible extradition from Britain to Spain for prosecution of human rights abuses under his rule, the diplomat said.

In Chile, continued power for General Pinochet and assurances for the military were written into law. But Nigeria's military is backing a political party now likely to form the next government.

As the serving military prepares to quit office, Nigerians are uncertain they will stay out. The only previous time the soldiers left, in 1979, the civilians who

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Resolution on Rights Is Denounced by China

Compiled by Our Staff From Dispatches

BEIJING—China on Friday attacked a U.S. Senate resolution condemning Chinese human rights violations, adding to tensions ahead of a visit next week by the U.S. secretary of state, Madeleine Albright.

Trade, Taiwan and security have all caused protests between the two giants and Mrs. Albright faces an even tougher task after the U.S. Senate resolution, which urged that the UN condemn China's rights record.

"The Chinese side expresses strong resentment and opposition to the resolution," China's foreign ministry said in a statement. "The truth has been proven for many times that the human rights issue will not be resolved through confrontation."

"Some people in the United States try to interfere with China's internal affairs using the human rights issue. But it will definitely fail."

The criticism came as the State Department told Congress on Friday that China went into reverse on human rights last autumn, backtracking on political reform while continuing "to commit widespread and well-documented human rights abuses" that defied international norms.

On top of killings, torture of prisoners, forced confessions and other familiar practices of an authoritarian state, officials in November began to impose new regulations on the Internet, the publishing industry and social organizations, closed several newspapers and barred politically sensitive publications, the State Department said.

Using sharper language than it has in recent years, the 1999 survey of human rights around the world said Beijing had abruptly ended a loosening of curbs on

freedom of expression and association noted in 1997 and 1998.

While taking some steps to assuage foreign critics, such as signing in October the UN Covenant on Civil and Political Rights, China "gave no indication when the covenant would be ratified," it said.

Serious abuses also intensified over the past year in areas populated by ethnic minorities, notably in remote Tibet and Xinjiang, the report said.

Chinese authorities meanwhile continued to detain Gendun Choekyi Nyima, whom the Dalai Lama designated in 1995 as the 11th Panchen Lama, the second-highest leader in Tibetan Buddhism, along with his family.

Religious groups, including Protestants and Catholics, again experienced interference and repression even as the number of adherents in many churches continued to grow at a rapid pace, Congress was told.

The report also said that the Chinese government still has not provided a comprehensive and credible accounting of those missing or detained in connection with the democracy uprising at Tiananmen Square in Beijing in 1989.

The United Nations, meanwhile, said Friday that a UN delegation would visit China next month to look at what the country needs to implement its commitments on human rights.

The four-person team visits the country from March 8 to 22. It will go to Beijing and Shanghai among other areas, but will not visit Tibet, said Jose Diaz, spokesman for the UN High Commissioner for Human Rights.

He said the team would review what technical help China needed to promote and protect human rights.

(AP, AFP, Reuters)



Refugees from violence, escorted by a soldier, leaving Ambon, Indonesia, Friday amid Christian-Muslim clashes.

Christians In Indonesian City Protest Troop Action

Reuters

AMBON, Indonesia—Thousands of Christians marched through the town of Ambon on Friday, demanding that non-Ambonese troops sent to quell sectarian clashes, which have left 200 dead in a month, be withdrawn immediately.

"They are not efficient; they even triggered the riots," said one of the 5,000 protesters in this capital of the Moluccas, 2,300 kilometers (1,440 miles) east of Jakarta.

There were no reports of violence during the protest. But scattered Christian-Muslim skirmishes on the island injured a handful of people Friday, witnesses said.

Indonesia has been racked by waves of unrest over the past year as ethnic, religious and social tensions boiled over, fueled by spiraling poverty amid the country's worst economic and political crisis in decades.

Police and soldiers have been ordered to shoot rioters and troublemakers on sight, and a rapid-response force is being raised to deal with outbreaks of unrest.

The native Melanesian Ambonese are mainly Christian, but many Asian Muslims from elsewhere in the vast Indonesian archipelago have come to the island for business and as civil servants.

Ambon was a virtual ghost town on Friday after Christian-Muslim clashes killed at least 24 people this week. More than 160 died in sectarian violence here last month, and several more have died in other minor clashes.

Hari Sabarun, deputy speaker of the national Parliament, has said local officials should ask the government to declare martial law.

Albright to Meet Rebel Leader

U.S. Secretary of State Madeleine Albright will meet the East Timorese rebel leader Xanana Gusmao on March 5, Mr. Gusmao's lawyer said Friday, Reuters reported from Jakarta.

Mrs. Albright will be the most senior foreign representative ever to meet Mr. Gusmao, who was moved earlier this month to house arrest in Jakarta from prison.

Avalanche Toll Rises to 37

Helicopters Evacuate Hard-Hit Austrian Valley

Agence France-Press

LANDECK, Austria—Rescue helicopters evacuated thousands of shocked tourists from an Austrian valley Friday as a death toll from a double avalanche rose to 37, with only one victim still missing.

Amid a renewed high risk of snowslides, authorities said they were willing to evacuate anyone who wanted to leave the Tyrolean valley, cut off from the outside world for more than a week.

By midday, about 5,500 tourists had been flown out. Colonel Raimund Laner of the Austrian Army said, adding that everyone who wanted to leave should be out by nightfall. Friday night, a rescue official said the evacuation, which involved a total of 10,000 people, had ended.

Only one victim was still missing in the village of Galtur, where a massive avalanche struck Tuesday, while the definitive death toll in the neighboring hamlet of Valzur, hit just 24 hours later, was put at seven.

As weather remained good for a second straight day, a group of 35 helicopters, including 10 U.S. Blackhawk aircraft that had seen action in Bosnia, resumed the airlift into Paznaun Valley shortly after dawn Friday.

In favorable conditions, the helicopters had flown until 10 P.M. Thursday.

The road into the valley has been blocked since before last weekend. Experts are investigating whether it can be reopened, but have so far said the risk of few avalanches is too great to do so.

The governor of Tyrol, Wendelin

Weingartner, said it was hoped to open the road by Sunday.

Rescue officials said the evacuation concentrated on the resort of Ischgl, just down the valley from Galtur, where about 6,000 tourists were trapped for more than a week.

The operation, they said, would also concentrate on moving people from isolated chalets and hamlets along the valley, as well as the resorts of Kappl and Mathon. In Kappl, 20 houses were evacuated Friday due to an avalanche risk.

An official in Ischgl said the situation was far from critical but admitted many people wanted to leave.

"Everybody wants to get out, mostly because they've been staying in Ischgl for eight days and some of them have no more money," said Peter Reiner, a tourist office employee, adding that the resort had provided free cinema and swimming pool access to all the hocked tourists.

"The situation is not easy, for the guests or the population," he added. "But everybody has to stay cool and get the best from the situation."

But experts put the avalanche risk at 4 or 5 on a 5-point scale. Meteorologists warned that warmer temperatures since Thursday risk melting snow on mountainsides and making it more liable to slippage.

The Austrian double avalanche tragedy was the center of one of the most deadly weeks in Europe's Alpine region for decades, including deaths in France and Switzerland, where thousands of tourists were also hocked.

BRIEFLY

Cambodia Donors Attach Strings

TOKYO—Major donor nations promised Cambodia \$470 million in aid Friday, but they linked it to the implementation of political and social reforms in the poverty-stricken nation.

Prime Minister Hun Sen vowed to resign if the reform efforts failed. "If we are not successful in carrying out the reform, then it would be a matter for me to leave this position by 2001," he told reporters in Tokyo.

The announcement of assistance to Cambodia by 17 donor countries and six international finance organizations was made at the close of the two-day Consultative Group Meeting for Cambodia.

Designer Sues in Anwar Case

KUALA LUMPUR—A fashion designer accused of having sex with the dismissed finance minister of Malaysia, Anwar Ibrahim, sued the government for assault and battery Friday, saying he had been coerced into making a false confession.

"I have been oppressed by the police," Mior Abdul Razak Yahya said in a statement after his lawyer filed the suit with the High Court.

Mr. Mior was one of five men named in criminal counts lodged in September and alleging sodomy by Mr. Anwar. He and two others confessed but then retracted the

allegations, saying police had forced them into making false declarations through the use of threats and physical abuse in order to build a case against Mr. Anwar. Mr. Anwar has pleaded not guilty to the charges.

(Reuters)

Bangladesh Recovers After Strike

DHAKA, Bangladesh—Bangladeshis went to work and schools Friday, usually the weekend here, to recoup losses suffered from a three-day anti-government strike that paralyzed the country's main cities and claimed seven lives.

"We must try to make up the losses as much as possible," said Abdul Huq, a cloth merchant in Dhaka.

The nationwide shutdown was called by the mainstream opposition to disrupt local elections that were held over the same three-day period.

Rival groups fired shots or hurled crude bombs at each other, leaving seven people dead and nearly 400 injured in Dhaka and other cities during the strike.

(AP)

China Finds Air Crash Recorders

TANGTOU, China—Investigators have found two flight recorders from an airliner that crashed this week in China, killing all 61 aboard in the country's worst aviation disaster in nearly five years, government news sources reported Friday. The voice and flight data recorders could provide clues as to why the China Southwest Airlines jet crashed.

(AP)

Lawyer Appeals for Better Jail Treatment of Ocalan

By Stephen Kinzer
New York Times Service

ISTANBUL—A lawyer for the imprisoned Kurdish guerrilla leader, Abdullah Ocalan, said Friday that he had visited his client and found him well but groggy.

Security officials allowed the lawyer, Ahmed Zeki Okcuoglu, to visit Mr. Ocalan on Thursday. It was the first time Mr. Ocalan has had access to counsel since he was brought to Turkey as a prisoner on Feb. 16. Jailers limited the interview to the topic of Mr. Ocalan's health and forbade any discussion of his case.

"He appeared all right, but he complained about problems in his eyes and ears," Mr. Okcuoglu said at a news conference. "He could experience a deep psychological collapse if he is always in the presence of interrogators from the General Staff and is unable to have contact with the outside world."

Asked if Mr. Ocalan had been drugged, he replied: "Probably. His

eyes were glazed."

Mr. Okcuoglu said he has asked the government to transfer Mr. Ocalan from the island prison where he is being held to a regular prison, to curb media reports that routinely refer to him as "the murderer of 30,000" and "the baby-killer" and to offer protection to himself and other defense lawyers, who he said were receiving death threats.

A lawyer who accompanied Mr. Okcuoglu to the prison meeting, Osman Baydemir, was arrested on his way to Friday's news conference. The police said he was sought on an old warrant but gave no details.

Newspapers have been carrying what they say are leaked versions of Mr. Ocalan's statements to interrogators. In them, he expresses remorse for his past activities, says he received money and weapons from supporters in Greece and begs for mercy.

Both Mr. Ocalan's Kurdistan Workers Party, or PKK, and the Turkish government came under sharp criticism Friday as the State Department issued its

annual human rights report in Washington. The report said disappearances and beating deaths in prisons were still occurring in Turkey, and that the country's human rights performance "is inadequate and needs to be brought into line."

"PKK terrorists frequently killed noncombatants, targeting village officials, village guards, teachers and other perceived representatives of the state," the report said. "As part of its fight against the PKK, the government forcibly displaced noncombatants, failed to resolve extra-judicial killings, tortured civilians and abridged freedom of expression."

The arrest of Mr. Ocalan has led to a crackdown on Turkey's legal Kurdish political party, People's Democracy. A senior prosecutor has asked the Constitutional Court to prevent it from participating in national elections scheduled for April.

The prosecutor, Vural Savas, has already begun a case aimed at banning the party, but it is not likely to be decided before the election. He has been as-

serting for months that the party works secretly with the PKK, which party leaders deny.

President Suleyman Demirel appealed to Kurdish rebels to give up their struggle, and to the Turkish Parliament to approve a "repentance law" under which rebels would be welcomed back into society if they have not committed especially brutal crimes.

"Turkey has reached a turning point," Mr. Demirel told reporters aboard a plane on which he was returning from a trip to Asia. "We must bring our children down from the mountains, because they are our children, misled into terrorism and committing murders."

Mr. Demirel also continued his sharp criticism of Greece, under whose diplomatic protection Mr. Ocalan was living when he was captured two weeks ago in Kenya.

"Whoever supports the killers of innocent people has blood on his hands," he asserted. "I say they are not behaving like a civilized country."

TRAVEL UPDATE

U.K. Tourism Campaign

LONDON (Reuters)—Britain, expecting 2 million extra visitors this year for millennium celebrations, launched a plan Friday to become a world leader in the fast-expanding tourist industry.

Seaside resorts are to be upgraded and accommodation improved, and niche markets like sport tourism are targeted. Also, overseas and on-line promotions are to be boosted.

Lufthansa will allow passengers to use their portable CD and mini-disc players and laptops with CD-ROMs during flights from March 28, the airline announced Friday. The use of mobile phones will continue to be prohibited.

(AFP)

Sweden's buses were at a standstill Friday, the second day of a strike over working conditions by an estimated 16,000 public bus drivers.

(Reuters)

WEATHER

Forecast for Sunday through Tuesday, as provided by AccuWeather.

Europe	Saturday	Sunday	Sunday
Algeria	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Amman	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Antwerp	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Athens	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Bahia	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Bangkok	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Bombay	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Buenos Aires	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Calcutta	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Chongming	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Colombo	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Hanoi	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Hong Kong	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Jaipur	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Kuala Lumpur	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Kobe	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
London	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Los Angeles	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Lyons	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Manila	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Moscow	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Mumbai	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Nairobi	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Paris	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Peking	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Rangoon	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Rio de Janeiro	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Sao Paulo	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Seoul	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Shanghai	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Singapore	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Taipei	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Tokyo	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Yokohama	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°

North America	Saturday	Sunday	Sunday
Anchorage	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Boston	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Chicago	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Dallas	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Denver	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Honolulu	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Los Angeles	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Miami	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Minneapolis	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Montreal	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
New York	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Orlando	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Phoenix	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
San Francisco	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Seattle	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
St. Louis	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Washington	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°

Asia	Saturday	Sunday	Sunday
Algeria	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Amman	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Antwerp	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Athens	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Bahia	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Bangkok	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Bombay	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Buenos Aires	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Calcutta	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Chongming	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Colombo	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Hanoi	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
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Jaipur	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Kuala Lumpur	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Kobe	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
London	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Los Angeles	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Lyons	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Manila	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Moscow	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Mumbai	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Nairobi	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Paris	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Peking	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Rangoon	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Rio de Janeiro	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Sao Paulo	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Seoul	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Shanghai	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Singapore	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Taipei	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Tokyo	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°
Yokohama	High 61° Low 37°	High 61° Low 37°	High 61° Low 37°

21	Caracas	27/80	17/82	pc	27/80	18/84	pc
22	Lima	29/82	24/79	s	27/80	22/71	a
23	Mexico City	24/78	9/48	pc	19/86	7/64	c
24	Rio de Janeiro	28/82	23/73	1	25/88	24/78	pc
25	Santiago	29/84	9/48	n	22/71	6/43	pc
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Oceania

Effort to Sue Cigarette Firms Fails In Britain

By Tom Buerkle
International Herald Tribune

LONDON — The most ambitious attempt to sue tobacco companies outside the United States collapsed on Friday after a High Court judge dismissed suits brought by 46 cancer sufferers against Britain's two leading cigarette makers.

The ruling greatly diminished the prospect of successful litigation in Britain and demonstrated the legal and cultural differences that have prevented anti-tobacco forces from adopting American-style court tactics, according to legal experts and industry executives.

The dismissal of the suits "sends a signal to others contemplating similar action about their prospects of success," said Gareth Davis, chief executive of Imperial Tobacco Group PLC, one of the two defendants in the case.

This is a great disappointment," said Bill O'Neill, head of tobacco policy at the British Medical Association, which represents most of the country's doctors.

He said Britain had lost its best chance to "force representatives of industry into the witness box to get at the truth of what has gone on in this country." Judge Michael Wright dismissed the suits after the plaintiffs and their lawyers decided to abandon their action following a damaging pre-trial ruling earlier this month.

In that ruling, Judge Wright rejected eight of the 46 suits because the plaintiffs filed their suits more than three years after being diagnosed with cancer, exceeding the statute of limitations under British law.

The judge also appeared to question the plaintiffs' underlying argument that the companies were negligent for failing to reduce the tar content of cigarettes in the 1950s and 1960s, calling it "speculative." Unlike recent successful suits in the United States, the plaintiffs did not rely on the argument that smoking was addictive.

"There was just one point in continuing," said Martyn Day of the law firm Leigh, Day & Co., who initiated the case. The judge "made it clear he didn't like the case as a whole," he said.

In return for dropping the case, Imperial & Gallaher Group PLC, the other defendant, agreed not to pursue the plaintiffs and their lawyers for legal costs, which Imperial alone put at £7 million (\$11.2 million). The plaintiffs' lawyers also agreed not to take new action against the two companies for 10 years, or against any other tobacco company for five years.

The withdrawal still leaves seven plaintiffs in the case, but with no lawyers to represent them and the possibility of being bankrupted by legal costs, they were expected to abandon their cases by an April 16 deadline. "The chance of other lawyers' being prepared to take this through is nil," Mr. Day said.

"It demonstrates the extent to which the U.S. is different," said Michael Priceaux, a spokesman for British American Tobacco PLC, which was not involved in the case but has participated in a \$300 billion national settlement in the United States. "No other country has adopted the U.S. legal system in its full glory."

CLINTON: Global Role for U.S.

Continued from Page 1

declining just as it is needed to create jobs for a growing and increasingly more mobile population," he said. "We can see in China the kinds of problems a society faces when it is moving away from the rule of fear but is not yet rooted in the rule of law."

Continuing to defend his engagement, Mr. Clinton said: "Sooner or later China will have to come to understand that society and the world we're living in simply cannot purchase stability at the expense of freedom."

"On the other hand," he said, "we have to ask ourselves: What is the best thing to do to try to maximize the chance that China will take the right course?" Addressing the world economy, Mr. Clinton said a way must be found to dampen what he called "boom and bust" cycles in international capital markets.

"We have got to find a way to facilitate the movement of money, without which trade and investment cannot occur in a way that avoids these dramatic cycles of boom and then bust which have led to the collapse of economic activity in so many countries around the world," Mr. Clinton said, adding that the world's financial rules needed to be overhauled to stop big capital swings.

"When the tides of capital first flood emerging markets and then abruptly recede, when millions have worked their way into the middle class and are plunged suddenly into poverty, the need for reform of the international financial system is clear," he said.

(AP, AFP, Reuters)

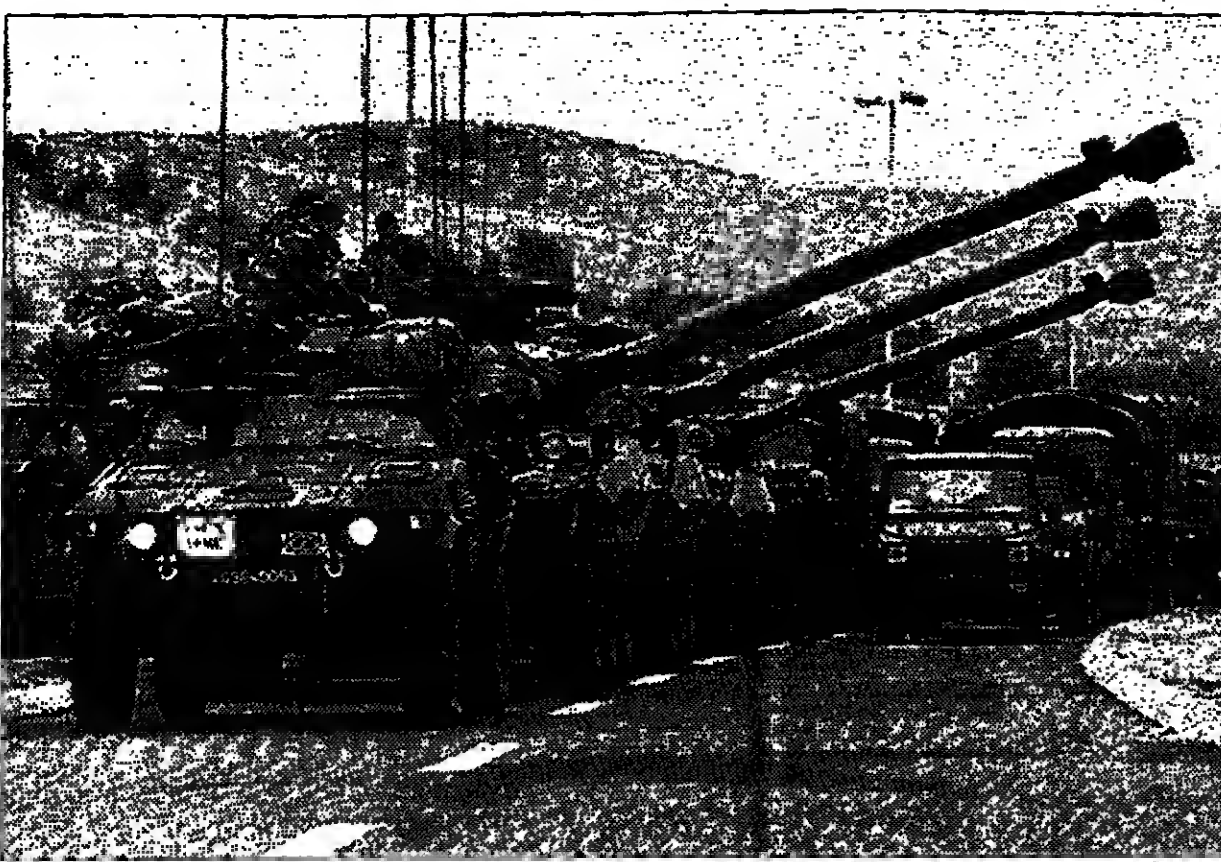
Mexico Gets Drug Certification

Christopher Wren of The New York Times reported from Washington:

Mr. Clinton on Friday certified Mexico and Colombia as fully cooperative allies in fighting illegal drugs, even though the bulk of hard drugs flooding the United States comes from both countries.

"Mexico is cooperating with us in the battle for our lives," Mr. Clinton said.

The latest round of certifications shows how extensively Washington's paramount interests, from regional stability to trade, have come to influence its annual assessment of the drug threat posed by other countries.



A French cavalry detachment on its way to join NATO forces in Macedonia waiting Friday at Evzon, Greece.

Verifiers Are Detained in Kosovo

Serb Army, Moving In Tanks and Troops, Harasses International Group

By Carlotta Gall
New York Times Service

PRISTINA, Yugoslavia — International verifiers from the Organization for Cooperation and Security in Europe were coming under increased harassment Friday from Serbian security forces and officials in Kosovo, who appeared to be a major military operation against ethnic Albanian rebels got underway in the north of the province.

The Serbian Army moved tanks and troop trucks into and around the village of Bukos to shell positions of the Kosovo Liberation Army, and dozens of soldiers fanned out across the mountain ridges to flush out remaining fighters.

OSCE verifiers, put in place in October to monitor a cease-fire between Serbs and the KLA, were prevented Friday from entering the village of Bukos by the Serbian military, which blocked the entrance road with a tree. Even after requests from the OSCE to remove the blockade, the Serbian Army refused.

The offensive, described by the Serbian Army as a "winter training exercise," has apparently developed into a major offensive as the army sweeps through a

region parallel to the main railway line and road in northern Kosovo.

Meanwhile Serbian customs officers detained 21 verifiers overnight and most of the day at Serbia's southern border with Macedonia. It was the most serious diplomatic incident involving the international verifiers since the head of the OSCE mission, Ambassador William Walker, was declared persona non grata last month, and it prompted sharp protests from the mission to Belgrade.

"It is a serious matter, holding on to our people for over 20 hours, some of whom sat in the car all night," Mr. Walker said in an interview Friday in Pristina, the capital of the southern Serbian province of Kosovo.

The verifiers, most of them foreign nationals, were detained by Serbian customs officials, who demanded to inspect boxes inside the vehicles. OSCE verifiers have diplomatic status and so declined to allow the customs officials to inspect the cars.

The customs officials then took their documents and thus prevented them from leaving and returning to Macedonia. The first verifiers, all unnamed, were on their way into Kosovo from neighboring

Macedonia, but as the incident developed more verifiers arrived to try to sort out the situation. They in turn were detained in the same way until finally a total of 21 staff were detained.

"The customs officials appeared to be drunk and were abusive verbally and in their body language," Beatrice Lacoste, a spokeswoman for the OSCE said. The verifiers then moved into their vehicles, where they spent the night.

Belgrade appeared to ignore repeated requests by the OSCE to allow the unarmed monitors to go. Finally the customs officials, who were armed, said they would use force to conduct an inspection and proceeded to search three cars.

The ordeal was over by late afternoon with no real explanation from Belgrade. It was a clear violation of the Vienna convention on diplomatic immunity, Mr. Walker said, and typical of the complete lack of cooperation being shown the OSCE by the Serbian authorities despite official agreements.

"They say they are cooperating fully, but at the same time they are harassing our people and using bureaucratic gimmicks," Mr. Walker said. "It is not a very comfortable position we are in."

COURT: Hong Kong Bows to Authority of China's Lawmakers

Continued from Page 1

Chinese officials said the decision, which superseded Chinese laws, was a mistake and "should be rectified."

Although the court did not alter its ruling, it reaffirmed that the National People's Congress, as China's supreme legislative body, had authority over Hong Kong. "The court accepts that it cannot question that authority," said the chief justice, Andrew Li, in a terse, five-paragraph statement.

The Hong Kong chief executive, Tung Chee-hwa, said Friday that the statement would "enable all parties concerned to come to a fuller understanding of the original judgment." He added that the court's clarification demonstrated that "our system of rule of law is complete and intact."

Mr. Tung did not say whether he thought the statement would satisfy Beijing. The Chinese government did not issue a reaction. A senior Hong Kong official said, "The views of Beijing are for Beijing to express."

If China overturned the decision, lawyers here said it would ignite a dangerous constitutional crisis. Under the agreement between Britain and China—

known as "one country, two systems"—Hong Kong is supposed to be a semi-autonomous region within China, with its own legal system.

The Court of Final Appeal tested that proposition by asserting that Beijing cannot pass rules that contradict Hong Kong's constitution, the Basic Law. The Basic Law had guaranteed residency to mainland children of Hong Kong parents. But after the handover, the Beijing-appointed legislature passed new laws making it much tougher for mainland Chinese to move to Hong Kong.

In its decision, the court struck down those rules—throwing the doors open to tens of thousands of mainland Chinese. Even as legal scholars from Hong Kong and China debate the fine points of the ruling, hundreds of mainland residents have poured into the region to assert their right to live here.

Several Hong Kong legal experts said the court's ruling needed no clarification. And some said the statement Friday was little more than an oath of allegiance to Hong Kong's new sovereign, dragged out of the court by a government anxious to resolve this dispute before Beijing forced its hand.

"The whole process was damaging to

RUSSIA: Drifting Toward a 'Failed State'

Continued from Page 1

weakness, many analysts say they expect that Mr. Yeltsin will be succeeded by a leader more inclined to resort to authoritarian methods.

The Kremlin's troubles have set off fresh alarms. Sergei Karaganov, deputy director of the Institute of Europe and chairman of the Council on Defense and Foreign Policy, a group of Russian business and political leaders, said the ebb of central authority was becoming so acute that the Kremlin might as well not worry about setting economic policy.

Mr. Karaganov said that Mr. Yeltsin no longer projected any meaningful authority from above and that Russians no longer trusted their government from below, following the devaluation of the ruble last year that brought on the country's most serious economic crisis since Soviet rule fell apart seven years earlier.

"I don't think there can be any economic policy," he said in an interview. "It's useless to have any economic policy in a situation where there is political paralysis spreading through the whole body. There are two sicknesses. One is the president, which paralyzes the whole body, and the second is the fact that the population mistrusts the government greatly."

"We are experiencing a rapid deterioration of the government," he added. "You see it in hundreds of small episodes. The military is unable to pay at all, so the local governments pay the soldiers. Until recently, there was a complete stoppage of payment of funds to the courts. Imagine what that means."

Thomas Graham, a senior associate at the Carnegie Endowment for International Peace and a former U.S. diplomat here, suggested recently that Russia might turn into a failed state because of the weakness in Moscow.

"For the first extended period in modern Russian history," he said, "the center is neither feared nor respected."

Moscow "no longer controls the political and economic situation," he added. "It no longer reliably wields power and authority, as it has traditionally, through the control of the institutions of coercion, the regulation of economic activity and the ability to command the loyalty of, or instill fear in, the people."

Sergei Alexashenko, former first deputy head of the central bank, said Russian institutions under democracy were "obviously weak" and had "never managed to function properly."

"This applies to the institutions of power, the Parliament and the government, to the 'power ministries' — the army and law enforcement bodies, to economic structures," he said.

The economic crisis, he said, is largely rooted in the "inability of the state to perform one of its prime functions: tax collection."

The deterioration of Kremlin power

was a chief topic at the meeting last week of Mr. Karaganov's defense and foreign policy council. A report prepared by a panel he headed warned that Russia was falling apart — a familiar theme, but the report struck an urgent tone, calling on the report's authors to step down to make way for Mr. Primakov as successor.

"The president demonstrates such an obvious inability to control things that it raises doubt about the expediency of its institution of the presidency in its present form," the report said. "More haste of activity do not count."

But the council was divided on whether Mr. Yeltsin should quit. Some questioned whether his premature resignation would help or hurt, and Mr. Primakov has pointedly insisted that Mr. Yeltsin must complete his term.

Within the council, few disagreed with the report's diagnosis that Russia's power was rotting from within.

"Actually, the process of slow disintegration is already under way," the report said, adding that such decay might not wreck Russia as a sovereign state — just corrode central authority.

NIGERIA: Tepid Expectations

Continued from Page 1

followed proved corrupt and economically ruinous, and troops seized power back four years later.

The same civilian politicians form the core of those being elected to office now and they will inherit deepening crises. The country's sole source of real money, its receipts for selling crude oil, are down by half this year because of the global petroleum glut and the tribal and economic revolt by young villagers in the oil-producing Niger Delta.

Nigeria's military ruler, General Abdulsalam Abubakar, started this transition weeks after the death in June of his predecessor, General Sani Abacha, a man whom Nigerians overwhelmingly describe as their most disastrous ruler since independence in 1960. General Abubakar ordered a season of elections for a government to which the military is to surrender power on May 29, and has campaigned vigorously at military bases around the country, insisting that there must be no attempt from within the ranks to fix or abort the civilian takeover.

The transition has been chaotic, sometimes bizarrely so. For one, there is still no constitution to frame the government being elected. General Abubakar has a committee still amending a 1979 constitution that he is to install by decree. Only this week, the government confirmed to voters that the president they are to choose Saturday will govern for four years, with the right to a single additional term.

The leading political parties are ideologically indistinct groups of politicians, including former officers, who "share an interest in seeking power or in protection from their past misdeeds," said Mr. Fayemi. "There is no attention to policy or programs."

Last week the People's Democratic Party, which is fortified by the political machines and millions of dollars of numerous retired generals, won a legislative majority. Overall, about a dozen retired generals who seats in the 109-member Senate. The party's presidential nominee, the former military ruler General Olusegun Obasanjo, is favored to defeat his opponent, an economist and former finance minister, Olu Falae.

Mr. Falae heads the All People's Party, which includes many politicians who played roles in General Abacha's regime. But he split his party by forming a coalition with the Alliance for Democracy.

Radio DeeJay Fired For Racist Remark

Washington Post Service

WASHINGTON — Doug Tracht, a Virginia radio personality known as the "Greasehead," was fired after a day of widespread protests over a racist remark he made during his show about a murder in Jasper, Texas.

Shortly after 7 A.M. during the Wednesday show on Classic Rock 94.7, WVAR-FM, Mr. Tracht, 48, played a portion of a song by the Grammy-winning black hip-hop artist Lauryn Hill.

Then he commented: "No wonder people drag them behind trucks." He was referring to the murder of James Byrd Jr., who was dragged to his death by white supremacists. Mr. Tracht later apologized.

Jose Quintero, 74, O'Neill Director, Dies

New York Times Service

NEW YORK — Jose Quintero, 74, the director whose reverent stagings of Eugene O'Neill's "The Iceman Cometh" and "Long Day's Journey Into Night" in 1956 led to a worldwide revival of interest in the Nobel Prize-winning playwright, died here Friday.

The cause of death was cancer, a friend said. He was a resident of Sarasota, Florida.

As a co-founder of Circle in the Square Theater, Mr. Quintero was also a major contributor to the renaissance in Off Broadway theater that began soon after World War II and continued into the 1960s. It was Circle in the Square's 1952 production of Tennessee Williams' "Summer and Smoke," directed by Mr. Quintero and starring a relatively unknown actress named Geraldine Page, that changed Off Broadway from a small but interesting Greenwich Village phenomenon to a theatrical movement of national importance.

Although Mr. Quintero captured the essence of other playwrights' work, he had a special bond for O'Neill. Between 1956 and 1996, he directed 19 productions of O'Neill plays. Mr. Quintero

often said he believed that O'Neill single-handedly elevated the American theater from frivolity to seriousness. He said that he looked to O'Neill as his symbolic father.

O'Neill, the winner of four Pulitzer Prizes and the only American dramatist to receive a Nobel Prize, was recognized as the country's finest playwright. But by his death in 1953 his popularity had diminished. Some critics said that the body of his work, most of it written between 1920 and 1943, had become outdated.

Mr. Quintero shattered this view with his Off Broadway revival of "The Iceman Cometh" with Jasno Robards in May 1956, and followed that six months later on Broadway with the American premiere of "Long Day's Journey Into Night," which starred Mr. Robards, Florence Eldridge and Fredric March.

Both plays stunned critics and audiences. In the New York Times, Brooks Atkinson called the 4-hour, 45-minute "Iceman," staged at Circle in the Square, "a major production of a major theater work."

"O'Neill is a giant," Mr. Atkinson wrote, "and Mr. Quintero is a remarkably gifted artist."

Mr. Atkinson also raved about Mr. Quintero's production of "Long Day's Journey," calling it "inspired." He wrote that "it restores the drama to literature and the theater to art."

"Iceman" and "Summer and Smoke" were two of the many plays Mr. Quintero staged at Circle in the Square in Greenwich Village, which he founded in 1951 with Theodore Mann, Emilie Stevens, Jason Winegreen and others. Among his other well-received productions were Truman Capote's "Grass Harp," Jean Genet's "Balcony" and a revival of the bleak 1930s comedy "Children of Darkness," which featured Colleen Dewhurst and George C. Scott.

Critics also applauded his direction of O'Neill's "Strange Interlude" for the Actors Studio Theater in 1963; "A Moon for the Misbegotten," a major triumph of the 1973 Broadway season for which he won a Tony award as best director; productions in 1977 of "Anna Christie" and "A Touch of the Poet"; and, in 1988, the centennial of O'Neill's birth, a Broadway revival of "Long Day's Journey" starring Mr. Robards and Miss Dewhurst.

No EU Breakthrough on Budget

By Barry James
and John Schmid
International Herald Tribune

BOON — European Union leaders Friday failed to make any breakthroughs on the future financing of the community but appeared to have opened up possible avenues for a compromise at another summit in Berlin next month, several of the leaders said.

Both Chancellor Gerhard Schröder, who hosted the one-day meeting, and President Jacques Chirac of France played down reports of a monumental row between their countries over how to bring the EU budget and agricultural

programs under control. "There are still deep differences of opinion, but I consider these differences to be surmountable," Mr. Schröder said.

Mr. Chirac said: "There is not a Franco-German problem. We each defend our interests, certainly."

Other leaders said the mood at the talks had not been as apocalyptic as some reports had suggested. Still, no one minimized the scale of the problems facing the EU, which is seeking to reform its budget looking to the period between 2001 and 2006.

Only by bringing tough measures to control spending, including the runaway cost of farm subsidies, can the EU hope

to create the conditions to accept new members from Eastern and Central Europe. But this entailed what Prime Minister Lionel Jospin of France called a global solution, in which all countries shared sacrifices.

And that was not proving easy. Prime Minister Tony Blair of Britain, for example, said he was not prepared to abandon the multi-billion euro rebate that his predecessor, Margaret Thatcher, won 15 years ago. He said it was a matter of justice, not obstinacy, on Britain's part.

Mr. Chirac said most participants at the summit meeting felt that Britain must agree to re-examine the rebate — a demand that Mr. Blair would find difficult to sell politically at home. But the French president said he had no doubt that Mr. Blair would agree to such a re-examination.

Prime Minister Jose Maria Aznar of Spain said Europe had changed much since Mrs. Thatcher had won the rebate with a cry of "I want my money back."

But at the same time, Mr. Chirac and Mr. Jospin said France would make no concession on its demand that agricultural price support must continue to be funded by the EU rather than partly by governments, as Germany has suggested. For the French, the biggest beneficiaries of subsidies, the question concerns not only money but also the very character of the EU and its acquired laws and benefits.

Mr. Schröder said Mr. Chirac had made it clear that as far as France was concerned, it would not even discuss the matter.

Nevertheless, the leaders did decide what they described as a strong message to agricultural ministers to get back to the negotiating table in Brussels next week, following their failure to reach any agreement this week.

Mr. Schröder said he had serious concerns that failure to reach agreement on the EU reforms in March in Berlin could lead to complications concerning the European single currency, the euro.

But other leaders said they did share that concern.

In European affairs, Mr. Schröder is under heavy pressure to show results at the Berlin summit meeting after a series of political setbacks at home — otherwise, he risks getting a black eye in the European Parliament elections in June. The election already has shaped up in Bonn as a referendum on Mr. Schröder's handling of EU issues.

Brushing aside reports of French toughness over Germany's pressure for action, Mr. Chirac praised the "agreeable and efficient" way that the summit had been arranged. If differences persisted, he added, they had helped the countries better understand those differences.

He insisted that France was as interested as anyone in bringing the budget and agricultural spending under control.

EU's Tower of Babel

Translators in Brussels Are Confronted By 11 Languages — With More to Come

By Marlene Simons
New York Times Service

BRUSSELS — Europe is a continent that loves languages.

From Lisbon to Helsinki, Europeans routinely learn, borrow, misinterpret and even covet their neighbors' tongues.

From an early age, schoolchildren toil over difficult foreign verbs. Bookstores and newsstands keep multilingual stocks, and advertisers and television broadcasters think nothing of mixing, say, German, English and French.

But all this shrinks into insignificance compared with the polyglot goings-on at the headquarters of the European Union in Brussels.

Europe is busily uniting on many fronts: it is merging currencies and taxes and adopting common rules governing everything from air pollution to the bacteria in cheese.

But there is no such coming together on the linguistic front. The 15-country Union operates with 11 official languages — and each country wants its own to prevail and is adamant about protecting it.

Efforts to streamline communication and to drop a few languages have got backs up all over the Continent.

"The rule is that all the languages of the union are equal," said Noel Muylle, director of interpretation at the union headquarters. "So the right that all member countries may use their mother tongue is very, very deeply entrenched."

As a result, the European Union — which would fit into the United States with room to spare — maintains the largest translation staff in the world. The European Commission, the executive body, employs more than 1,900 full-time translators and interpreters, not to mention freelancers.

Including logistics and support staff, the commission's language service employs 3,890 people, or 11 percent of its personnel. Last year they generated 1.2 million pages of translations.

It is a gargantuan enterprise, by any standard. The United Nations, with its 183 members, has just five official languages. At its New York headquarters it employs about 420 translators and interpreters, fewer than one-fourth the number in Brussels.

And the European repository is expected to grow. With talks under way on plans for 10 Central and East European countries to join the union, even ardent linguists agree that a Tower of Babel looms.

"We're facing five new languages in the next few years," Colette Flesch, the director of translation services at the commission, said glumly, citing Czech, Hungarian, Polish, Estonian and Slovenian. "And there are another five further down the line. I don't know of any other international institution that has to keep adding languages."

For each addition, she said, the union needs to hire at least 100 new translators and interpreters.

No wonder then that every so often someone tries to shrink this enormous linguistic bureaucracy. Not long ago, France and Austria proposed that for most purposes the organization's languages should be limited to five: French, German, English, Italian and Spanish. In other words, forget Danish, Dutch, Finnish, Greek, Portuguese and Swedish.

This touched many a nerve of national pride. In the outcry that followed, led by the deeply stung Danes, Dutch and Greeks, the idea was shelved.

"Of course, it's an asset having all those languages, but it can also complicate things," Mr. Muylle said cautiously. He and others believe that it will be hard to change the rules, which date back to 1958, when the incipient union had only six countries and four languages.

In practice, though, not every word or his of paper is translated elevenfold. In committee work, officials often waive the right to use their native tongue, agreeing instead to a few working languages — usually English, French and German. That raises some other touchy points.

French, long dominant at the commission, has been rapidly losing ground to English, which, the French note acidly, is not even a language of continental Europe.

Meanwhile, almost everyone has fallen victim to Eurospeak.

"Eurospeak is a separate in-house language, full of jargon, acronyms, abbreviations — and a lot of it is gobbledygook," said David Markson, a British translator.

He offered some samples: words like subsidiary, consultancy, habilitation. Or sentences like: "A reduction should be effected in salaries. Or: The fish were observed to exhibit a 100 percent mortality response."

Mr. Markson and others have begun a drive called "Fight the Fog" to prod officials into producing clear sentences. "Of course we realize that in this political arena, often the aim is precisely not to be clear," he said.

Resistant Bacteria Found in Feed

Reuters

LONDON — American researchers have found bacteria in chicken feed that are resistant to the most powerful antibiotics and could pose a health threat to humans.

In a letter to The Lancet medical journal on Friday, Dr. Glen Morris of the University of Maryland in Baltimore said the discovery of vancomycin-resistant enterococci (VRE) in animal feed raised fears that they could be passed on to humans.

"The identification of a highly resistant enterococcal strain in feed raises disturbing questions about the potential for penetration of VRE strains into human and food animal populations in the USA and subsequent risk of transfer into human populations," he said in the letter.

Animal feed is not expected to be

sterile, but researchers believe Dr. Morris's is the first report of VRE from commercially prepared chicken feed in the United States.

Vancomycin is the last line of resistance to so-called superbugs that have built up a resistance to most conventional drugs. Enterococci, which causes intestinal problems, are a common source of infection in hospitals and are usually treated with antibiotics.

Scientists blame the increase in superbugs on the overuse of antibiotics in people and animals. Medical experts think animals are the source of superbugs that are passed on to humans.

The researchers did not say which company made the chicken feed or how it became contaminated, but they said drug-resistant enterococci were widespread in at least one lot of feed.

Ethiopians Breach Eritrean Defenses

Reuters

ASMARA — Eritrea said Friday that Ethiopian troops had broken through its defense lines at a point on the Badme front on their disputed border.

Yemane Gebremeskel, the government spokesman, said that "through sheer weight of numbers," the Ethiopians "have managed to break through one of our defensive positions."

Fighting began on Tuesday with an Ethiopian offensive aimed at recapturing land occupied by Eritrean forces last May. On Thursday, both sides claimed to have the upper hand and to have inflicted heavy casualties.

But Mr. Yemane said Ethiopia's "numerical superiority" finally allowed its troops to break through at one place along the 60-kilometer (40-mile) Badme front. "The Ethiopians have emptied the other fronts to bring troops to this front," he said. "They have launched human wave attacks."

Neither side has released details of casualties. After an eight-month lull, the border war reignited at Badme on Feb. 6 and spread to fronts at Tsorona, south of the Eritrean capital Asmara, and Bure, southwest of the Red Sea port of Assab.

Apart from some skirmishes at Tsorona on Tuesday, the other fronts have been largely quiet this week.

Eritrea gained independence from Ethiopia in May 1993 after a referendum. Relations began to sour over a currency dispute in 1997, highlighting a long-running disagreement over the border, which boiled over into violence last May.

BOOKS

WEREWOLVES IN THEIR YOUTH

By Michael Chabon. 212 pages. \$22.95. Random House.

Reviewed by Michiko Kakutani

THERE are no happy families in "Werewolves in Their Youth" — just different varieties of marital distress, filial rage, paternal disappointment.

In his earlier work ("The Mysteries of Pittsburgh," "A Model World"), the talented Michael Chabon has tended to focus on boys trying to come to terms with their fathers, children trying to make sense of their parents' fractured lives. Though there are stories in this disappointing volume that do just that — both the title story and "The Harris Fetto Story" concern sons, sorting through the emotional wreckage of their

fathers' mistakes — most of these tales are about marriages in disarray.

"House Hunting" concerns an angry young couple looking for a new home for their deteriorating marriage. "Son of the Wolfman" depicts another disaffected couple, whose marriage unravels when the wife is raped and decides to give birth to the rapist's baby. And "That Was Me" portrays a husband and wife trying in vain to pick up strangers in a local bar.

Most of Chabon's characters cherish the idea of control. The quarterback renowned for his "serene, arctic blankness"; the little boy trying to remake reality with his fantasy games — all would like to find some way to ward off chaos and disaster, but find themselves submitting to the gathering disorder in their lives.

In "Green's Book," a family therapist known for his kindness and reliability not only sees his own marriage come to an end but also finds himself reliving a long-ago night when he molested a young girl.

As usual, Chabon writes with enormous fluency in these pages, captivating the reader with his descriptive and metaphoric powers. He's able to give us vivid snapshots in a phrase or two, showing us a man's "brushed-aluminum hair" or making us hear the "Eeyore voice" of an annoying boy's annoying mother.

When Chabon turns to emotional matters, his prose tends to grow labored and self-conscious. He describes marriage, for instance, as "a container for the madness between men and women," a fragile hedge against it, as religion was to death, and the laws of physics to the immense quantity of interemptiness of which the universe was made.

New York Times Service

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Farmers dressed as a bull, a pig and a cow protesting in Bonn on Friday against proposed EU budget reform.

BRIEFLY

In Error, Britain Reveals Names Of Informants in Racist Murder

LONDON — The Labour government was accused of a catalogue of errors Friday after inadvertently publishing the names of informants who tipped off British police about those responsible for a racist murder.

The names were in an appendix to a long report released Wednesday on how police bungled their investigation of the 1993 stabbing of a black London teenager, Stephen Lawrence.

The case has caused a massive round of national soul-searching over the treatment of minorities, and the government has pledged to make it a watershed in Britain's race relations.

The informants, some of them close neighbors of the prime suspects, were promised immediate police protection but they complained that their lives were now at risk.

The Conservative spokesman John Greenway told Parliament, "This has been an appalling week for the Home Office."

(Reuters)

Czech Plan: Legal Prostitution

PRAGUE — Czech police officials intend to propose legislation turning prostitution into a controlled business to increase tax revenues and minimize health risks, the Mlada Fronta Dnes daily reported Friday.

There are currently some 20,000 prostitutes in the Czech Republic, mostly active in Prague and near border crossings with Germany and Austria. They are often linked to organized crime, and authorities lack legislation allowing control of the murky trade.

Officials said a draft law would be submitted next week. The measure assumes obligatory registration, taxation and health checks for all male and female prostitutes as well as an minimum age limit of 18 years.

(AP)

Scientology Raided in Moscow

MOSCOW — Police seized boxes of documents from the Scientology movement and questioned the group's leaders Friday, the latest in a series of government actions against religious groups in Russia.

Tax police and other security services spent 16 hours confiscating materials at the group's Moscow center on Thursday and returned Friday morning to question the Scientologists, a controversial international spiritual organization.

Officers said they were investigating possible tax evasion and other financial irregularities, but the Scientologists said the move was politically motivated. A 1997 law placed widespread restrictions on "nontraditional" faiths.

The Scientology center in Moscow is called the Humanitarian Hubbard Center, named after the founder of Scientology, L. Ron Hubbard. It holds regular classes for both youths and adults.

(AP)

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ART

Ingres's Incisive Portrait of an Epoch

By Souren Melikian
International Herald Tribune

LONDON — It is an eerie experience. You walk into a show called "Portraits by Ingres: 'Image of an Epoch'" and you might be staring at people you met the other day in Paris — the literary wits, the high-ranking officials cooing with self-importance, the go-getters fawning on those who might be of use.

Some cultural historian should investigate one day what made the French as they are now appear some time around 1800. So did probably the English, the Germans or the Italians. But for them, there was no Jean-Auguste-Dominique Ingres, born in 1780, in time to capture the features of the new society that emerged.

Perhaps the boy from Montauban in southern France owed to his upbringing the quasi-photographic knack he developed in portraiture, matched by a penetrating yet curiously detached psychological insight. His father, Jean-Marie-Joseph Ingres, a painter-cum-sculptor-cum-interior decorator, taught his son how to draw from early childhood, making it as natural for him to sketch in red chalk as for others to play marbles.

The training that Dominique then underwent, first in the Toulouse academy and later in Paris under Jacques-Louis David, left the budding artist convinced that painting, to be great, had to deal with ancient or medieval history, Greek mythology or biblical subjects, but fortunately did not impair his skills at observing the society in which he lived.

The artist started with family and friends. In 1800, he portrayed a scientist he knew from Montauban, Pierre Francois Bernier. The 20-year-old scientist looks down with a scintillating, self-assured and a total lack of good grace emanate from the man. Marcotte loved it. He recommended Ingres to his relatives and to other French officials in Rome, among whom was Jacques Marquet, Baron de Montholon de Norvins.

The youngest son from a wealthy family in southwestern Gasconne, the baron had a checkered career. When Ingres met him, he was chief of police in the occupied Roman states and looked every inch the man for the job. The broad forehead, the thin lips tightly pressed, the searching glare, convey a coarse brutality that his neat outfit, white silk scarf and a gleaming black redingote with the red ribbon of the Legion of Honor in evidence on the lapel only serve to enhance.

Ingres surpassed himself when dealing with another colleague of Marcotte's, Amedee David, Comte de Pastoret. The young aristocrat

would soon after turn into crazed willpower.

One wonders what thoughts crossed the artist's mind in 1806 when he portrayed, so differently, the self-proclaimed emperor. Napoleon wears a crimson drape over an accoutrement that mixes elements borrowed from ancient Rome, the Middle Ages and the Renaissance. To the modern eye, the effect is one of Hollywoodian artifice. Obsessive attention to detail gives it a hyperrealist feel that fails to make up for the ridicule.

It is really when borne to bear upon private citizens that the intensity of Ingres's scrutiny gave his portraits a magnetic quality, even where pictorial weaknesses are apparent — linking head and body together appears to have been a problem for the artist, particularly while drawing. In 1806, he portrayed a young woman conventionally known as "Madame Aymon" although her identity continues to elude us. Her costly jewels, the elegant arrangement of a drape over her shoulders, the impeccable makeup and, not least, her poise, might suggest an actress. The unsmiling determination in the eyes asymmetrically set apart, the open lips that bare her teeth almost in a snarl, together with the sharpness of her two love-locks, are worth any psychological portrayal by Choderlos de Laclos in "Les Liaisons Dangereuses."

Intriguingly, Ingres's harshest likenesses triggered no animosity from the sitters. In 1810, while in French-occupied Rome, Ingres painted the portrait of Charles Marcotte, inspector-general of waterways and forests. The senior civil servant is shown three-quarters length, his head thrown back with a peevish frown.

Intelligence, self-assurance and a total lack of good grace emanate from the man. Marcotte loved it. He recommended Ingres to his relatives and to other French officials in Rome, among whom was Jacques Marquet, Baron de Montholon de Norvins.

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Ingres surpassed himself when dealing with another colleague of Marcotte's, Amedee David, Comte de Pastoret. The young aristocrat



The Vicomtesse d'Haussonville by Jean-Auguste-Dominique Ingres.

came from a rabidly ambitious family. A promising bureaucrat in Napoleon's civil service, he promptly turned his coat when the Bourbons returned to France in 1815, in the wake of the foreign armies that occupied the land.

THE effeminate youth entertained a high opinion of his literary talents — he wrote poems and novels — and of his personal appearance. He is shown wearing a tight-fitting, high-collared jacket embroidered with flowers in black on black. Standing with his hand on his hip, he breathes self-satisfaction tempered by a touch of arrogant petulance, his greedy eyes alert and suspicious.

Not so alert, in this case, though — the result delighted him. De Norvins kept pressing Ingres to deliver pictures that he offered to commission. He ended up owning seven of them.

The unflattering look that the painter so serenely gave

his sitters culminated in his most famous image, the portrait of Louis-Francois Bertin, a journalist who had seen it all. Bertin was 23 when he hailed the French Revolution of 1789, only to denounce the incipient tyranny that led him to emigrate two years later.

He came back after Napoleon's 1799 coup d'état and, with a younger brother, bought the Journal des Debats. Within two years, Louis-Francois was arrested for his candid criticism of imperial policy and was exiled. Sneaking back into France, Bertin managed to run his paper without falling foul of the authorities for several years. Then Napoleon's police state hardened. In 1811, the paper shut down and was seized.

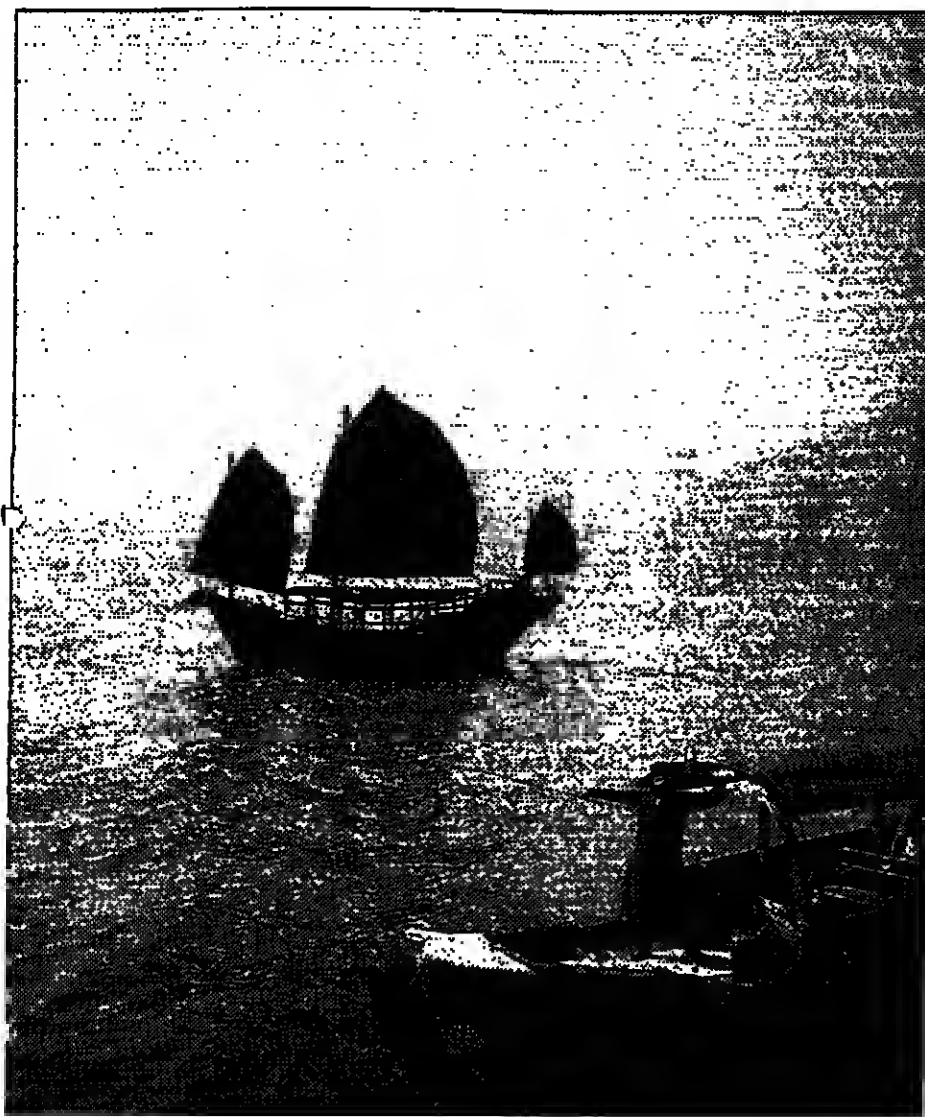
Ruin threatened the Bertins. But the minute the Bourbons were back, so were the Bertins. It was only with the advent of Louis-Philippe in 1830 that Louis-Francois could at last relax.

Ingres portrayed him two years later. He found it un-

commonly difficult. The hugely overweight media mogul was as ungainly in his person as in his features, hardly improved by his double chin. At last, the portraitist thought he had the pose right. The tough, intelligent Bertin was unimpressed. Seated, one eyebrow quizzically raised, he is seen sizing up the artist — who returned the compliment in kind with an unforgiving portrait. But Bertin did not give a hoot about what others might think of him. This was a man who had once refused to host King Louis-Philippe in his country house. Ingres had finally found his match.

The story is superbly told in the exhibition book edited by Gary Tinterow and Philip Conisbee. No one should miss this technicolor version of Balzac's "The Human Comedy."

National Gallery, London, until April 25. National Gallery of Art, Washington, May 23 to Aug. 22. Metropolitan Museum of Art, New York, Oct. 5 to Jan. 2.



Frederic Brenner's photograph of a rabbi in Hong Kong harbor.

Chronicler of Diaspora

His Mission to Photograph Jews Leads to Hong Kong

By Philip Segal
International Herald Tribune

HONG KONG — For the 18,000 Jews of Hong Kong, the recent arrival of Frederic Brenner may signal that moving day is approaching. In the midst of a 20-year campaign to photograph the entire Jewish diaspora, Brenner's work of 10,000 images so far is, as much as anything, a chronicle of oodles vanished communities.

The French photographer has seen and recorded the Jews of Azerbaijan and Ethiopia, communities in Yemen and Tunisia, and the secretive Marranos of rural Portugal, who to escape the Inquisition masqueraded as Catholics for 500 years, while keeping their traditions alive in their own attics. "Eighty percent of the communities I've photographed have disappeared," said Brenner, 40.

Brenner was in Hong Kong to photograph about a third of one of the most international of Jewish populations. On Sunday, in the most ambitious group portrait that Brenner has ever attempted, most of the group will be squeezed into a single photograph of about 600 people. Arranging it was more than a matter of logistics, though, because like the Jews in Israel, the Jewish communities in Hong Kong are riddled with factions within factions.

Even more controversial than sitting everyone down at the same table to plan the project was Brenner's idea to dress everyone in the photograph in identical red Chinese-style jackets. This dig at the materialism of what Brenner calls a "city of smoke and mirrors" is typical of the photographer, whose work can strike some as precious or unduly artificial. But while he is no taker of candid shots, the single-mindedness of his life's work means that he can offer eloquent justification of his vision.

"People are in Hong Kong for the same reason," the unusually dogged pursuit of wealth, he argues. While expatriates in Hong Kong seek to distinguish themselves by the possessions they accumulate, "they are not really as different as they'd like to think." Hence the uniform: If they are not the jackets of the capitalist's enemy, Chairman Mao, then they are at least reminiscent of them.

The disguises are also an acknowledgment of the Jewish holiday of Purim, which this year falls on Monday, the day after the group photo will be taken. The festival commemorates Queen Esther, who disguised her cultural identity before an evil king bent on destroying the Jews, but then revealed her true self at the last moment to save her people. The annual wearing of disguises on Purim, in the words of Rabbi Nachum Braverman of Los Angeles, "ridicules pomposity and false values."

Also, "Purim celebrates exile," Brenner said. "In exile, we reveal and are revealed." The intended revelation of his work is that the

journey toward unity is not over when the Jews whom he photographed end up in Israel. In his latest book, "Exile at Home," he follows and photographs Jews all over the world, and recaptures them once they are settled — in some cases miserably — in a new country that has stripped them of their particular traditions.

Brenner recounts the weeping women of Ethiopia, denied at relocation centers in Israel their ancient, pre-Talmudic custom of sequestering themselves in special huts during their menstrual periods. This custom, which Brenner identifies as the "very center" of their identity as Jews, was swept away in a country founded by people he describes as "White Ashkenazi Bolsheviks," referring to European Jews. As Israel's European-dominated Orthodox Jews face off against the secular over the question of who gets to determine Jewish identity, Brenner's message is that plenty of others in Israel have been left out of the debate altogether.

The product of a "totally secular, assimilated" upbringing by French parents, Brenner began to pursue his Jewish roots — half European and half Algerian — following the Six-Day War in 1967. After a degree in anthropology, he left for Israel in 1978, and went first to the ultra-orthodox neighborhood of Mea Shearim in Jerusalem.

His pictures of the place, in his first book, "Instant of Eternity," could be of an impoverished village in Lithuania 100 years ago. Black-clad, long-bearded men with fur hats make their way through the slush of a winter afternoon, or sit huddled together, arguing over a point in the Talmud, resembling figures in a portrait from 16th-century Prague.

Brenner realized that for many in Israel and around the world, this European ghetto Jew was mistakenly becoming one of the main images of who his people really were. Instead, his truth is that "there is not one way of being a Jew, but as many ways as of being a man or woman among the nations."

Far less isolated and much more prosperous than the Jews of Ethiopia or Yemen, the community in Hong Kong is nevertheless already on the move. Membership in one of the more liberal congregations in Hong Kong is down 30 percent since the Asian financial crisis. A new Jewish school has been opened in Singapore, and Hong Kong's standing as China's financial hub is under eventual threat from a place where Jews used to live in great numbers: Shanghai.

For Brenner, the possibility that he is photographing another soon-to-vanish community would be no great shame. "The Jews are always on a journey — that's very post-modern. The nations, as we enter this global era, will experience what the Jews have been living for 4,000 years."

Interactive Shakespeare

By Michael O'Sullivan
Washington Post Service

WASHINGTON — He has been dead for nearly four centuries, but Shakespeare, it appears, is hot. As portrayed by Joseph Fiennes in the surprise hit film "Shakespeare in Love," the bard's just a love machine in the thrall of Gwyneth Paltrow.

With a feverish resurgence of interest in the writer under way, the Folger Shakespeare Library is not a minute too soon in opening the Shakespeare Gallery, an interactive, multimedia computer installation. Featuring a short videotape overview of the Folger and its educational mission, the room centers on two Macintosh computers. In music, text, dramatic readings and images, the Shakespeare Gallery is the Folger's high-tech attempt to provide "a

somewhat bigger taste of what's in the collection," said Janet Alexander Griffin, director of education and public programs.

Rather than spoon-feeding them information, however, the program allows users to navigate towns at their own pace and according to their interests. Designed by Nina Tovich, the program is divided into three general sections: "Treasures," "Quotations" and "Life." Rather cleverly, the cyber-tour further arranges the material into seven subsections, each one devoted to one of the so-called "Seven Ages of Man" as described in a speech from Shakespeare's "As You Like It" and as illustrated by a reproduction of the large stained-glass window in the Folger's reading room.

"Treasures" highlights artifacts from the Folger's collection, some of which are too old and delicate to be ex-

amined directly. "Quotations" presents the words themselves, with an ample glossary and dramatic readings from the plays and poems. "Life" features movable maps, letters, deeds of property, snippets of music by the Folger Consort and other Shakespeareana related to the late 16th and early 17th centuries.

Among the gems: a letter from the poet John Donne apologetically for marrying Sir George More's 16-year-old daughter, a flirtatious note from Robert Dudley, Earl of Leicester, to Queen Elizabeth (the subplot of yet another recent movie), and three pages of the shooting script from the 1944 Laurence Olivier film "Henry V."

Although a few glossary entries are too lengthy to read in their entirety before they disappear from the screen, the application in general is user-friendly.

ARTS

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EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Reduce the Nuclear Risk

History will judge the Clinton administration's foreign policy record partly by its success in helping Russia reduce the nuclear remnants of the Cold War. Nothing would do more to protect American security in the decades ahead than ensuring that Russia's immense stockpile of nuclear weapons and materials is diminished and adequately controlled.

The modest amount of money needed to achieve these goals now could save Washington many billions of dollars in the future to deal with the Russian nuclear threat if it is not reduced.

Moscow still has 6,000 nuclear warheads poised for long-distance delivery. Weapons-grade plutonium from dismantled warheads is stored in poorly secured buildings, vulnerable to theft. Russia also has tens of thousands of underpaid weapons scientists and workers in 170 scientific institutes and 10 closed cities.

If President Bill Clinton hopes to leave an enduring mark in international affairs, he will work on these problems in the remaining 23 months of his term. Specifically, he should look for ways to further reduce nuclear arms and speed the conversion of Russia's nuclear establishment to civilian activities.

The last nuclear arms reduction treaty, negotiated more than six years ago, has yet to be ratified by the Russian Parliament. That treaty alone would cut nuclear weapons totals nearly in half. Prime Minister Yevgeny Primakov recognizes the treaty's value for Russia, both in foreign policy and budget savings terms. Mr. Clinton should work closely with President Boris Yeltsin and Primakov to achieve ratification.

But hopes for deep nuclear cuts need not depend on the Communist-dominated parliament. In coordination with Russia's leaders, Mr. Clinton should initiate steps that go beyond the treaty, including parallel nuclear reductions and taking more weapons off hair-trigger alert. Such methods proved effective when tried by George Bush and Mikhail Gorbachev a decade ago.

Shrinking Russia's nuclear infrastructure also requires expanding the cooperative programs developed under legislation originally sponsored by Senator Sam Nunn of Georgia and Senator Richard Lugar of Indiana. These efforts already have supported the dismantling

of some 5,000 Russian warheads. Additional work is needed now to safely convert as much as possible of the plutonium and enriched uranium from these bombs into less dangerous forms and to store what remains under much more secure conditions. The Clinton administration rightly seeks large spending increases in these programs in next year's budget. It is essential that Congress approve these requests.

Washington should also press ahead with its efforts to re-employ Russian weapons scientists in civilian work. Two programs managed by the U.S. Energy Department are designed to achieve that goal.

One, begun in 1994, is aimed at Russia's scientific institutes. A newer program deals with the closed cities. The scientific institutes program has succeeded in re-employing thousands of Russian scientists at home and keeping them out of the reach of terrorists or countries eager to make nuclear, biological or chemical weapons. But a report prepared for Congress this week by the General Accounting Office called attention to some problems, including taxation by Russia of some of the aid money and allegations that some assistance went to institutes and scientists still engaged in weapons work. However cash-starved the Russian government is, taxation of American aid money is unacceptable. Nor should American subsidies support Russian weapons development.

The General Accounting Office report calls for slowing down the closed-cities program until the problems in the institutes program have been resolved. That would be a mistake. The closed-cities agreement is more carefully drawn than its predecessor and already provides for exemption from Russian taxation.

Tightened project review procedures are in place to make sure that Washington is not inadvertently subsidizing new Russian weapons development. These programs, along with Washington's contributions to Russia's plutonium and uranium conversion and security programs, should go forward as part of a coordinated drive to substantially eliminate Russia's Cold War nuclear infrastructure before the Clinton administration leaves office.

—THE NEW YORK TIMES

Greece Needs to Explain

Turkey has its hands full dealing with the captured Kurdish leader Abdullah Ocalan. Theo there is Greece. It has its own grave obligation to explain its role not only in having him in its charge and care in his final weeks of freedom but also in allegedly supporting his terrorist activities in earlier years in neighbor and fellow NATO ally Turkey. At stake, beyond the interests of Turks, Greeks and Kurds, is the whole notion of international cooperation against terrorism.

The facts about the past few weeks are not all in. What Greece must spell out, however, is the extent to which responsible political and police officials, whether by design or default, protected the fleeing Mr. Ocalan. From Greek press reports, it appears that the political retribution taken in Athens — four officials were fired — came about not for having provided sanctuary but for allowing an internationally certified terrorist to move from Greek hands to Turkish hands in Kenya. The Greeks are shocked by Turkey's deprivations,

real and imagined. They need to be forthcoming about their own.

As to the earlier years, Mr. Ocalan is reported in the Turkish press to have told his captors that his party received training and arms from Greece. The confession is suspect, having been made by a prisoner being held in questionable circumstances without the full known protections of due process. But the issue of the recruitment, training, provision and sanctuary of the Kurdish guerrillas, who engaged formidable Turkish military and police forces for 14 years, is part of the truth that must now be told, embarrassing as it may be.

The early accounts of Mr. Ocalan in captivity have turned up the heat under Greek-Turkish relations. And for reason. The Turks are angry but out of line in demanding that Athens answer to the European Union for any violation of Greece's counterterrorism obligations. It would be good to know that the citizens of Greece were making a similar demand on their own government.

—THE WASHINGTON POST

Other Comment

A Deal Worth Taking

It is understandable that Clinton administration officials seek to portray the outcome of the [Kosovo talks in Rambouillet, France] as postponed success rather than a diplomatic failure.

It may not have been a success, but to be fair, it was not a failure, either. American diplomatic persistence did persuade Slobodan Milosevic to accept genuine autonomy for the Serbian province of Kosovo, although the delay allowed Mr. Milosevic to portray himself as having once again outmaneuvered the West.

The political part of the accord that Mr. Milosevic accepted grants the Albanian Kosovars their own parliament, their own government, their own judiciary, and their own police force. These concessions do not add up to the independence for which commanders of the Kosovo Liberation Army had

been fighting, but they do answer the needs of the Albanian population and set Kosovo on the road to independence at some indeterminate time in the future.

If these elements of autonomy are implemented and a NATO peacekeeping force is able to prevent a renewal of warfare not only will Albanian villages be protected, but the Albanian majority will gain the opportunity to form the political and administrative institutions of a self-governing people.

If they are wise, the inexperienced young commanders of the Kosovo Liberation Army will take the deal. If Mr. Milosevic is wise, he will drop his opposition to allowing NATO peacekeepers to oversee the dismantling of the rebels. As President Bill Clinton has shrewdly observed, this bargain allows Kosovo to remain a part of Serbia by taking Serbia out of Kosovo.

—The Boston Globe

Admit the Reversal and Renew Pressure on Milosevic

By Jim Hoagland

WASHINGTON — In its final shambolic hours, the Rambouillet peace conference on Kosovo degenerated into a play lacking both a director and its main villain. The United States bears partial responsibility for this disappointing outcome and must now clarify its objectives in a conflict that is moving toward greater bloodshed and broader political significance.

The Serbian government of Slobodan Milosevic and the ethnic-Albanian guerrilla forces of Kosovo Province walked away from the conference site near Paris without agreeing to anything binding. They prefer to test each other on the ground and then consider returning to negotiations by March 15.

In the theory of national liberation wars, this outcome represents a huge advance for the outgunned Kosovo guerrillas. They now bid to move into the "fight and talk" framework that wore down militarily superior forces in Vietnam, Algeria and elsewhere in past decades.

With the help of the six-nation Contact Group of diplomats that convened the Rambouillet talks, the Kosovo Liberation Army has "arrived" in international politics. They promptly stiffed the U.S. secretary of state and officials of Britain, France, Germany, Italy and Russia.

But in the real world of blood and steel the Kosovars may pay heavily for

their abstract political gains. A primary, if unintended, consequence of Rambouillet has been to reduce Western pressure on Mr. Milosevic, who refused to go to the talks in France. He waited in Belgrade as ultimatums and deadlines were uttered and abandoned by President Bill Clinton and Secretary of State Madeleine Albright.

Mr. Clinton and Mrs. Albright failed to heed the advice given by Antoo Chekhov to aspiring playwrights: If

The Kosovars have 'arrived,' but they may pay heavily for their abstract political gains.

you hang a gun on the wall in the first act, be sure it goes off in the third. Through miscalculation, they wound up making sure the NATO gun that they so theatrically aimed at Mr. Milosevic could not go off at all after Rambouillet.

"Diplomacy backed by the threat of force" is the Clinton administration's favorite crisis management tool. It fits the virtual foreign policy that Mr. Clinton and Mrs. Albright often practice. The thinly disguised failure in Ram-

bouillet demonstrated that inconsistency and inflated rhetoric undermine this approach. Washington's most urgent task is to recognize the damage done at Rambouillet and to renew credible military pressure on Mr. Milosevic.

The Clinton administration, pilloried for not having an exit strategy in Bosnia, cannot find an entry strategy for Kosovo. Mrs. Albright and her aides had scripted her intervention at Rambouillet as the prelude to a final push to get Mr. Milosevic to accept a NATO-led ground force in Kosovo. The secretary was assured that the guerrilla delegation would sign on to a political accord establishing autonomy in the Serbian province and finessing final status decisions for three years.

But the guerrillas were far more distrustful of the Clinton administration's promises than the Americans wanted to believe. The Kosovars balked, undercutting an elaborate choreography designed to intimidate Mr. Milosevic into taking the autonomy deal. U.S. officials were trumpeting movements of NATO warplanes that in most true combat situations would be kept secret.

The fatal flaw was the tactic Mrs. Albright chose to force the Kosovars to play their assigned role at the conference. She said the North Atlantic Treaty Organization would not bomb Serbia unless the guerrillas first signed on. When they backed out, the gun

the wall could not go off. Only adroit last-minute maneuvers by the chief U.S. negotiator, Christopher Hill, prevented the conference from totally spinning out of the control of its co-sponsors. Mr. Hill ejected the Kosovo delegation into leaving one of its members, Veton Surroi, sign an agreement in principle to resume talks with the Serbs in March. The other rebel delegates left France proclaiming they had signed nothing.

The meaning of Rambouillet is clear: There is no painless autonomy for the Kosovars. More fighting and more stomach-churning atrocities are on the horizon.

The United States and its partners are being maneuvered into having to choose between two extremes to halt that wider war: supporting independence for Kosovo, or committing themselves to bringing down the Milosevic regime as a way of bringing democracy and genuine autonomy to the province.

Mr. Milosevic's disappearance would advance U.S. interests in the Balkans more fully than does Kosovo independence. By clinging to a disappearing middle ground, Washington limits its ability to avoid the increasing likelihood that both independence and collapse in Belgrade will occur, creating the worst of all possible worlds.

—The Washington Post

Some Congressmen Wonder if the U.S. Knows Where It's Going

By Stephen S. Rosenfeld

WASHINGTON — For those of us who think an involvement in Kosovo is worth it, no question pointing the other way is tougher to deal with than the legal challenge raised by Representative Tom Campbell, Republican of California.

No mean partisan, he has joined with Representative Barney Frank, Democrat of Massachusetts, to gather some 40 congressmen to demand on constitutional grounds that the president obtain authority from Congress before taking military action against Yugoslavia.

This is not a simple recap of the familiar argument over presidential and congressional war powers. The special flavor and bite of Mr. Campbell's case were caught in an exchange he had with Undersecretary of State Thomas Pickering, speaking for the Clinton administration.

Campbell: Is Kosovo part of a sovereign Serbia?

Pickering: Yes.

Campbell: Is bombing a sovereign state an act of war?

Pickering: Yes.

Campbell: Can we constitutionally have an act of war without the approval of Congress?

Pickering: Not every act of war requires it. For instance, Bosnia and Somalia didn't.

This is where we get into the murk. As the national security adviser, Samuel (Sandy) Berger, stated in a Jan. 15 letter to Mr. Campbell, Bosnia and Somalia are places where the president used force without a formal congressional authorization.

But, the petitioning congressmen correctly reply, neither involved the dispatch of American forces into a foreign country's territory contrary to the will of the recognized government of that country.

That would be the situation in Kosovo if President Bill Clinton were to send forces. For Kosovo is a province in a state, Serbia, whose mother state of Yugoslavia the United States, formally recognizes. There may be reasons to in-

tervene, but it remains an invasion no matter what you may think those reasons are.

Henry Kissinger, the former secretary of state, flips the coin from its legal to its foreign-policy side. Does Mr. Clinton mean, he fairly asks, "that America's military power is available to enable every ethnic or religious group to achieve self-determination? Is NATO to become the artillery for ethnic conflict? If Kosovo, why not East Africa or Central Asia?"

To all these questions there are answers — of varying persuasiveness. Mr. Campbell says that in the eyes of Congress a premise of genocide might serve to rationalize an otherwise unconstitutional American intervention. President Clinton, if he took the issue to Capitol Hill, might prevail, and his policy would be the stronger for it, the congressmen think.

Genocide, or a suggestive touch of it, seems to be the main source of American sup-

port for a Kosovo military engagement. The separate notion of intervening in the hope of bringing an extra dollop of stability to the unforgiving Balkans appears to lack the same appeal. The sovereignty issue, as brought to bear in their respective ways by Mr. Campbell and Mr. Kissinger has had a low profile in the American debate, the Serb slaughters a much higher one.

There is merit in the humanitarian argument. The interested American public does well, in my view, to distinguish the several large slaughters of Kosovars conducted by Serbian forces under Slobodan Milosevic, someone deeply stained by other Serb massacres, from the casualties inflicted by ethnic-Albanian guerrillas.

Mr. Kissinger, for one, worries that "humanitarianism" may divert the United States from core strategic considerations. But he is not so much disposed to root that geopolitical quality entirely out of American policy as to limit it by criteria yet to be drawn.

That effort, if undertaken, is bound to be subject to fits and starts.

I detect no groundswell of opinion favoring renewal of congressional debate over presidential versus congressional war powers. Been there, done that. As we have seen since Vietnam, Democratic presidents are as reluctant as Republican ones to formalize a consultative process that the White House might not be able to control.

The claim that congressional approval strengthens a president's policy is not one that presidents leap to test. Mr. Campbell himself is no post-Vietnam firebrand, just someone wondering if we have a grip on where we are going.

Who is not so wondering? Events may yet moot an American Kosovo involvement. Meanwhile, we need to think harder about the urgencies and pitfalls of intervening in a civil war over the government's protests and on the rebels' side. If it sets a precedent, it should not set a rule.

—The Washington Post

For the Sake of Free Trade, Asia and Europe Need to Be Strong

By Gerald Segal

LAUSANNE, Switzerland — As some Asian economies begin the long climb out of recession, the crisis that began in July 1997 becomes as notable for what did not happen as for the devastation it caused.

For the senior officials and specialists concerned with Asia-Europe relations and the global economy who met recently under the auspices of the Evian Group in Lausanne, the most striking omen has been the absence of major trade protectionism in the developed world. But to the embarrassment of many Europeans, the credit for maintaining the vitality of the global economy is almost entirely Asian.

As Asians try to export their way out of recession, the annual U.S. trade deficit has risen to \$280 billion, from \$146 billion in 1996. The 11 euro zone countries continue to run a steady trade surplus of about \$100 billion a year. Europeans may sneer at the low U.S. savings rate, but Asians have gone quiet on the subject. They know it is

the openness of the U.S. economy that keeps the global economy growing.

The second nonresult of the Asian crisis is the absence of a global recession. There has clearly been a contagion effect in emerging markets around the world, but the North Atlantic economies that account for two-thirds of global gross domestic product are still growing. The precise type about Pacific Asia as the engine of future global expansion raised concerns that an Asian crisis would lead to crashes in the United States and the European Union. This has not happened.

Instead, we see the United States sustaining its longest peacetime era of economic expansion. European growth is patchier, but as Germany's deceleration shows, problems have far more to do with the failure to engage in domestic structural reforms than any Asian effect. As France, Spain and the Netherlands demon-

strate, many other European countries are doing very well.

Yet there is a worrying caveat for both Europeans and Asians: the absence of their much-touted ability either to replace American leadership with their own, or to create a stronger Asia-Europe axis.

Europe's euphoria about the euro changing the global balance of power has been tempered by depressing realities since the launching of the single currency in January. European growth is hindered by structural rigidities and the independence of the European Central Bank, which gives little opportunity for fiscal or monetary stimulus. The absence of a genuinely common foreign and security policy means that Europe still lacks a leader.

Asia also lacks leadership. So long as Japan, which accounts for two-thirds of GDP in Pacific Asia, remains in recession, it is in no position to lead a meaningful Asian recovery.

China, whose growth rate continues to contract, is even less well placed to lead.

The Association of South East Asian Nations has long been the intellectual shaper of debates about Asian cohesion and identity. But because of financial turmoil and the economic slowdown in the region, it has lost confidence in its ability to articulate a vision of the future. Under such circumstances, it is not surprising that those who are concerned about keeping the global economy open are worried by the weakness of Europe and Asia.

A strong Europe and Asia committed to openness are vital to keeping the United States committed to open multilateralism. Yet as U.S. trade deficits balloon and European and Asian rhetoric about American "hegemonism" gets louder, Washington will be increasingly attracted to unilateralism. As a result, U.S. legislation aimed at punishing errant trading partners, and belligerent U.S. postures in World Trade Organization negotiations will become more pronounced.

The current flirtation of Europe and Asia with restricting trade in the booming busi-

ness of genetically modified food is an especially worrying example of how delicate the balances of forces in favor of free trade are. The United States, along with Australia, Canada and Argentina, account for more than 90 percent of trade in genetically modified food. Europeans and Asians, who find it hard to compete, are exaggerating scientific worries to hobble their competitors.

The fact that U.S. economic success seems to be increasingly built on strengths in the information and innovation economy of the future makes more disputes of this kind likely. — just as negotiations are to begin this year at the World Trade Organization on a new Millennium Round of cuts in a wide range of barriers to global trade. Unless Europe and Asia are able to keep the United States committed to open multilateralism, the Asian crisis may yet produce nasty results.

The writer is director of studies at the International Institute for Strategic Studies in London and Director of Britain's Pacific Asia Program. He contributed this comment to the International Herald Tribune.

Beijing Doesn't Favor Remembrance

By Jonathan Mirsky

LONDON — The Chinese government will spend 1999 picking its way through a minefield of anniversaries. On each of these, the Communist Party continues its attempts to impose collective amnesia.

This explains the recent warning by Jia Qinglin, the outgoing mayor of Beijing, that during the upcoming "sensitive period" the authorities will be "on close guard" to "crush infiltration, subversion, and splittism by foreign and domestic enemies."

Of these sensitive events, the most distant is the 80th anniversary of May 4, 1919. On that day, young people, led by students from Peking University, poured into the streets to protest the Versailles agreements that ceded control over parts of China to foreigners. From that day there developed a nationalist movement, which, among other demands for national salvation, called

for "Mr. Democracy." May 4th is always marked in China, but in the Communist period the incendiary word "democracy" has rarely been rarely mentioned.

Another troublesome anniversary this year is the 50th anniversary of the inauguration of the People's Republic. As with all Chinese anniversaries, it will be a time for solemn reflection. Many will think about Mao Zedong, widely acclaimed at first, but now remembered as the leader who presided over the worst famine in history, from 1959 to 1961, when 30 to 50 million people starved to death because of the chairman's economic schemes.

In Tibet, March will bring an anniversary which adds to Beijing's unease: the 40th year since the 1959 revolt against the Chinese occupiers and the

Dalai Lama's flight to India. And then there is Tiananmen. The square in Beijing will be closed on June 4, but there is one commemoration that the Chinese authorities will not be able to suppress: the annual, war-candlelight vigil in Hong Kong. It will send shivers across official China.

Huge efforts are expended in China to maintain official darkness on sensitive matters. In 1994, the writer Ci Jiwei observed that under Communist rule, "bad things that could not be hidden were given either good names or else attributed to those who were dead.... But political alchemy cannot long convert into the gold of amnesia a mountain of bad memories that is still growing."

The writer, a former East Asia Editor of The Times of London, contributed this comment to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1899: Canal Sale

WASHINGTON — The Panama Canal people have played their last card and it looks as though it might be successful. At the meeting of the House Rivers and Harbors Committee to-day [Feb. 27] the representatives of the company agreed to sell to the United States a controlling interest in the canal route and to put up a financial guarantee that they will complete the canal in from seven to ten years. No money is to be asked from the United States until the canal is completed.

1924: Bill Protest

NEW YORK — Several Democratic members of the House of Representatives from New York State have signed a protest against the pending Immigration Bill on the ground that it was framed to discriminate in

favor of Nordic races and against those of Southern and Eastern Europe. Immigration figures for the last half of 1923 show that British subjects entering the country exceeded those of any other nationality. The total number admitted was 555,587, of which 149,507 came from the British Isles. Next in order were Germans, 97,566 and Italians, 49,777.

1949: Church Control

BUCHAREST — Sixteen Roman Catholic women's and youth organizations were dissolved by an official decree and their property turned over to the ministry of the Interior. The organizations had their headquarters in various towns of Transylvania. The action followed an earlier decree this month which gave the government wide controls over church organizations, property and education.

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THE AMERICAS

Yen Aided
By Japan's
Inaction

Bloomberg News

NEW YORK — The dollar fell against the yen Friday after Japan's finance minister, Kichii Miyazawa, threw cold water on expectations that he would ask the central bank to intervene in the bond market to drive down high yields, which have bolstered the yen.

Mr. Miyazawa said he would not ask the central bank to buy more government bonds to push yields down, a move that economists have argued would help revive growth.

His comments came a day after he said Japan would not print more

FOREIGN EXCHANGE

money to help the country emerge from its year-long recession. Rising yields the last four months have discouraged borrowing and strengthened the yen, eroding exporters' earnings.

"The Bank of Japan has disappointed the market this week in not being more forthcoming about pumping up the money supply and bringing down long-term bond yields," said Jay Bryson, international economist at First Union Corp. in Charlotte, North Carolina. That is weakening the dollar against the yen, he said.

The U.S. currency was quoted at 4 P.M. at 119.05 yen, down from 119.775 yen on Thursday.

The dollar was little changed against the euro, giving up gains it had made early in the day when a report showed that U.S. economic growth roared ahead in the fourth quarter.

The report fueled talk that U.S. interest rates may be raised this year while expectations are for lower rates in Europe. That would make dollar-denominated investments more attractive vis-a-vis the euro.

The U.S. Commerce Department said growth in the last three months of 1998 increased 6.1 percent on an annualized basis, up from last month's preliminary 5.6 percent estimate.

The dollar continued to gain against the euro.

Even though traders took profits after the U.S. currency's recent rise, the euro fell to \$1.025 from \$1.043.

The dollar rose to 1.4470 Swiss francs from 1.4401 francs.

The pound fell to \$1.6030 from \$1.6040.

By Keith Bradsher

New York Times Service

DETROIT — All of the local union leaders who made General Motors Corp.'s Saturn Corp. one of the most prominent U.S. experiments in labor relations have been voted out of office and replaced with new leaders advocating a more traditional relationship with management.

General Motors set up Saturn in Tennessee in 1986 in an effort to create a car company with labor relations that would be less contentious and more cooperative. For the past 13 years, the local Saturn union, which frequently defied the national leadership of the United Automobile Workers union by linking pay to productivity and encouraging workers to participate in a wide

range of decisions with management.

Mr. Bennett and his entire slate of other union officials were defeated in elections Wednesday, according to results that were confirmed Thursday by union officials.

Replacing Mr. Bennett will be Robert Williams, a vice president of the local union and a critic of Saturn's labor relations.

Specialists have come from around the world to study and praise Saturn's experiment at its 7,000-employee factory in Spring Hill, Tennessee. But many of the workers have increasingly felt that they were making too many concessions to management, like irregular work weeks that included work on Saturdays without overtime pay.

Workers' anger boiled over last summer when a strike at two parts factories in Flint, Michigan, forced

the closing of almost all of GM's assembly plants in North America. The Saturn assembly plant remained open then because the local union leadership agreed to let GM use parts from other companies, including Japanese spark plugs.

Mr. Williams, who won the election this week, was the only local union official who, in a union vote two years ago, advocated ending the existing labor contract at Saturn and replacing it with the national UAW agreement in force at every other GM factory in the United States.

Mr. Williams won 55.5 percent of the vote at the Saturn factory, while Mr. Bennett received 38.6 percent. Two other candidates had the rest of the vote.

Mr. Williams and his fellow candidates have not called for replacing the Saturn contract. But they did say that Saturn should stop linking pay

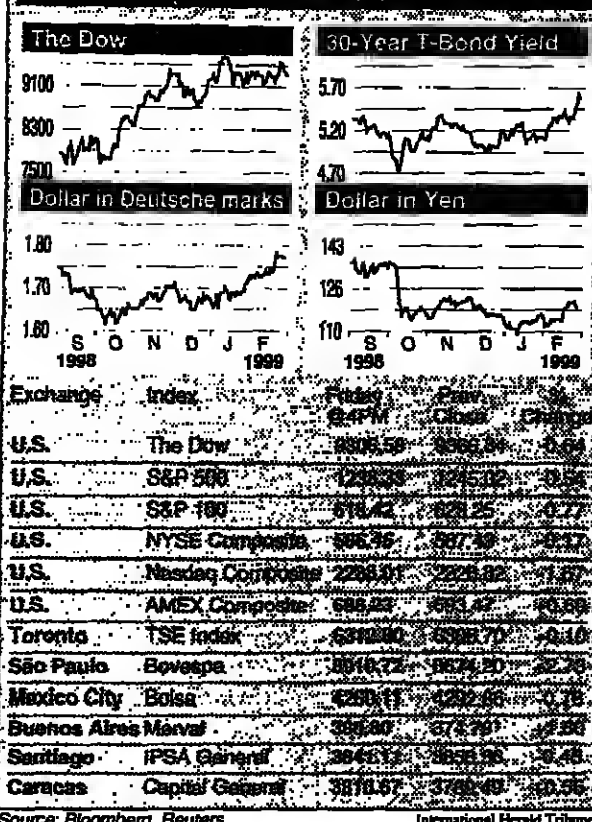
to productivity and should adopt many work rules from other GM factories.

In another, apparently coincidental setback for Saturn, its vice president for sales and marketing, Joseph Kennedy, resigned on Wednesday to work for an Internet company in California. Mr. Kennedy had been one of GM's young star executives but was passed over last year for the chairmanship of Saturn when the man who built the car division, Donald Hudler, announced his retirement.

Cynthia Trudell, who replaced Mr. Hudler last month, said she was surprised by the outcome and would miss the current union leaders. But she insisted that Saturn could continue to grow with the new leaders.

"I'm very committed to working with the new group," she said by telephone.

Investor's America



Very briefly:

- Peru plans to raise \$1 billion through bond sales and loans to help the country's struggling companies restructure debt.
- Volvo AB's chief executive, Leif Johansson, plans a U.S. visit next week amid speculation he will meet with the head of Navistar International Corp. to discuss buying the rival truckmaker.
- MCI WorldCom Inc., the No. 2 U.S. long-distance phone company, said the head of its international ventures, Michael Rowley, has resigned and will leave at the end of March.
- Brazil, seeking to head off a wave of defaults, agreed to assume \$1 billion (less \$5.42 billion) of municipal bond debt owed by five of the nation's largest cities.
- A lawsuit charging Merrill Lynch & Co. with job discrimination on the basis of sex will include about 900 women plaintiffs as the Tuesday deadline for the suit approached.
- Lycos Inc., the No. 3 Internet search service, said its second-quarter loss from operations was \$1.48 million, compared with a profit of \$301,000 a year earlier.

Bloomberg, AP, NYT

DirecTV Loses CBS and Fox

Washington Post Service

WASHINGTON — DirecTV Inc. will shut off delivery of CBS and Fox programming to 300,000 customers after a federal judge in Florida barred the direct broadcaster from offering those signals to customers over its 18-inch satellite dishes.

The judge's order Thursday was the latest twist in a legal battle between the nation's largest satellite TV company and the TV networks, which fear that satellite transmissions of their programs are draining advertising revenues from local broadcast stations.

Federal law allows the satellite systems to provide network programming only to viewers who cannot receive the local affiliate of a network using a conventional TV antenna.

U. S. STOCK MARKET DIARY

Friday, Feb. 26				
Most Active				
NYSE				
Index	High	Low	Open	Close
Indus	9365.30	9369.18	9370.52	9369.26
Transp	2801.11	2804.04	2801.00	2801.43
Comp	2801.11	2804.04	2801.00	2801.43
Unemp	2801.11	2804.04	2801.00	2801.43
Standard & Poor's	2801.11	2804.04	2801.00	2801.43
Industrials	1512.99	1477.84	1501.77	1488.10
Technology	691.86	676.10	685.55	678.55
Utilities	125.51	125.23	125.27	125.24
SP 500	125.51	125.23	125.27	125.24
NYSE	624.55	612.79	623.25	618.42
Nasdaq				
Index	High	Low	Open	Close
Compustat	369.30	361.08	366.46	361.97
Microsoft	234.50	231.05	231.00	231.00
Oracle	234.50	231.05	231.00	231.00
IBM	234.50	231.05	231.00	231.00
Verizon	234.50	231.05	231.00	231.00
AT&T	234.50	231.05	231.00	231.00
Microsoft	234.50	231.05	231.00	231.00
Oracle	234.50	231.05	231.00	231.00
IBM	234.50	231.05	231.00	231.00
Verizon	234.50	231.05	231.00	231.00
AT&T	234.50	231.05	231.00	231.00
Microsoft	234.50	231.05	231.00	231.00
Oracle	234.50	231.05	231.00	231.00
IBM	234.50	231.05	231.00	231.00
Verizon	234.50	231.05	231.00	231.00
AT&T	234.50	231.05	231.00	231.00
Microsoft	234.50	231.05	231.00	231.00
Oracle	234.50	231.05	231.00	231.00
IBM	234.50	231.05	231.00	231.00
Verizon	234.50	231.05	231.00	231.00
AT&T	234.50	231.05	231.00	231.00
Microsoft	234.50	231.05	231.00	231.00
Oracle	234.50	231.05	231.00	231.00
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EUROPE

Telecom Italia May Buy Unit to Protect Itself

Bloomberg News
ROME — Telecom Italia SpA acknowledged Friday that it was considering a purchase of the rest of its cellular unit, lifting the parent company's value by 30 percent and making it more difficult for Olivetti SpA to finance a hostile takeover.

Buying the 40 percent it does not already own in Telecom Italia Mobile SpA would lift Telecom Italia's value by about \$18 billion. Olivetti has offered \$38 billion for the company, which wants to remain independent.

Telecom Italia's plans could be blocked if regulators rule it illegal under a new law that bars defensive measures by takeover targets. Telecom Italia is arguing that the rule should not apply because Olivetti

has not placed a formal offer. The regulators have 15 days to decide.

"A merger with TIM would create trouble for Olivetti," said Mirco Bettolini, who manages \$6 billion at Gestinvest in Verona.

In the largest-ever European takeover bid, Olivetti is bidding 10 euros (\$11.04) a share in cash, stock and bonds for Telecom Italia. Telecom Italia shares fell 14.5 cents to 9.59 euros Friday. Olivetti rose 6 cents to 2.80 euros.

The Italian regulators would not say when they would announce a decision. Telecom Italia said it had not yet decided when the next board meeting would be held to discuss the merger plan.

Telecom Italia, the former national phone monopoly, said Olivetti's

approach was riddled with "formal and substantial shortcomings," including the absence of a deadline for the bid and the explanation of how the bid's loan financing would affect Telecom Italia's debt and development prospects.

Telecom Italia said the board asked Franco Bernabè, its chief executive, to present a plan examining "synergies and the value creation" that would result from an "integration" of the company and its mobile subsidiary, Europe's largest cellular network.

Olivetti, whose market value is seven times smaller than Telecom Italia's, is financing most of its offer through debt, which would be repaid by stripping Telecom Italia of some assets, such as part of the mobile

business. The bid was made through Olivetti's Tecnost SpA unit, which makes lottery betting machines.

Olivetti had first placed an offer Feb. 19, which was rejected by the stock market regulator Consob on Monday, partly because it was conditional on the sale of the company's existing phone units to Germany's Mannesmann AG. A contract for that sale was signed Wednesday, and Olivetti resubmitted the offer.

Olivetti's bid, in cash, Tecnost shares and Tecnost bonds, values Telecom Italia at a 10.5 percent premium above the Friday closing share price. If successful, the takeover would make Olivetti one of the world's top 10 telephone companies three years after it entered the business.

Consumers Help Bolster French GDP

Compiled by Our Staff From Dispatches
PARIS — The economy of France grew 3.2 percent last year, beating the government's 3.1 percent forecast, as a surge in consumer spending and investment more than offset a drag on growth from trade.

The gross domestic product expanded a greater-than-expected 0.7 percent in the fourth quarter, compared with a gain of 0.4 percent in the third quarter. The unemployment rate fell to 11.4 percent in January from 11.5 in December, its lowest level since August 1995.

Economists said they were surprised by the vigor of the economy. The French report follows the release of strong growth figures for 1998 from Spain and the Netherlands and may lessen the urgency for a European rate cut, even though Italy and Germany remained less robust.

Economic growth in France was fueled by buoyant spending on products such as mobile phones, computers and cars.

The report showed that companies increased investment in factories and increased inventories, suggesting that they expect demand to continue this year.

The public deficit fell to 2.9 percent of GDP in 1998 from 3 percent in 1997, the ministry said. The figure of 3 percent was required for initial participation in the single currency, the euro, in January.

"These numbers may strengthen the European Central Bank's resolve to keep interest rates on hold," said David Coleman, an economist at Canadian Imperial Bank of Commerce. France accounts for about a fifth of the economy in the euro zone.

While a report last week showed that the German economy shrank 0.4 percent in the fourth quarter, growth was buoyant in countries with which Europe's biggest economy does most of its trade. Apart from France, Germany's main trading partner, the Netherlands recorded economic growth of 1.2 percent in the quarter, while Spain posted an increase of 0.7 percent and Britain a 0.2 percent gain.

(Reuters, Bloomberg, AFP)

Philips Pursues VLSI to Broaden Chip Range

Bloomberg News
AMSTERDAM — Philips Electronics NV, the top European maker of semiconductor products, said Friday that it had offered to buy the U.S. chipmaker VLSI Technology Inc. for \$777 million, giving it a broader range of chips for its electronic consumer products.

Philips offered \$17 in cash per outstanding VLSI share, a 58 percent premium over its Thursday closing price of \$10.75.

VLSI, based in San Jose, California, would give Philips access to

a range of technologies to improve its mobile phones, portable computers and new digital electronics products. Amsterdam-based Philips is seeking acquisitions to reinforce its main businesses as it sells unprofitable assets and cuts costs.

"This acquisition would help Philips as companies move to acquire more intellectual property to create more complex chips," said Douglas Smith of Salomon Smith Barney Inc.

Philips, loaded with cash from the sale of the music company Poly-

Gram NV to Seagram Co. of Canada, said it would use VLSI to further expand in the United States. The VLSI purchase still leaves it with more than \$5 billion in cash.

Cor Boonstra, president and chief executive, said in a statement, "With complementary products and almost no overlap, VLSI will be a platform for Philips Semiconductors' further expansion in the United States."

The bid for VLSI is also well-timed to help Philips take advantage of a rebound in the chip industry that

is expected in the second half of this year, analysts said. "Good timing," said Nils Meyers of Friesland Bank Securities. "The market is starting to boom."

At VLSI, which makes specialized chips to order, profit fell 94 percent to \$1.3 million in the third quarter, as efforts to cut costs helped it remain profitable. The company plans to reduce its work force by 10 percent by 2000 through cutbacks and attrition.

Philips shares closed on Friday at 63.50 euros (\$70.12), down 25 cents.

Divestments Buoy Hoechst's Earnings

The Associated Press
FRANKFURT — Hoechst AG, the German chemical and pharmaceutical giant, said Friday that net profit surged 41 percent in 1998 because of one-time gains while its operating results rose a more modest 9 percent.

The company said its profit rose to 969 million euros (\$1.07 billion), while operating profit rose to 1.62 billion euros.

Hoechst said the rise in its net profit reflected a one-time gain of \$660 million euros before taxes from divestments of operations.

TELEPHONES: Competition in Europe Lowers Rates

Continued from Page 9

the equivalent of 87 U.S. cents in Germany, 47 cents in France and only 29 cents in Finland.

That alone would have made Telekom a sitting duck. But the German government added to the pressure by forcing the company to charge relatively low prices for interconnecting with its network. That meant that rivals could lease lines at low prices and offer cheap service without building their own networks.

Not surprisingly, competitors flooded into Germany last year. The biggest was Mannesmann AG, a

consortium led by Mannesmann AG, and Deutsche Bahn, the German national railway. Arcor has invested billions of dollars to build its own network, and executives do not expect the company to break even for several years.

Two other big industrial groups have built networks as well. One is O.Telco, a consortium led by the industrial conglomerate VEBA AG. The third is Viag Interkom, led by the Bavarian power company VIAG AG and British Telecommunications PLC.

But the most successful and probable competitor was Mr. Schmidt's Mobilcom.

The plan was childishly simple. Mobilcom would lease lines from Deutsche Telekom. Customers would use its service by dialing a 5-digit access code, and they would get billed through Telekom.

But the real lure was pricing. Mobilcom would charge a flat rate of 19 pfennig a minute, around the clock — well below Telekom's peak-time rate of 52 pfennig a minute.

"Everybody else had planned for step-by-step decreases in telephone prices," Mr. Schmidt said. "We thought, what would happen if we cut prices all at once by 70 percent?"

WORLD STOCK MARKETS

Friday, Feb. 26
Prices in local currencies; in euros for EU countries.

High Low Close Prev.

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High Low Close Prev.

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High Low Close Prev.

Oslo

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Continued on Page 14

Singapore *Don't Postpone Reforms, IMF Warns Asians*

Don't Postpone Reforms, IMF Warns Asians



Investor's Asia

Hong Kong
Hang Seng

Singapore
Straits Times

Tokyo
Nikkei 225

Exchange	Index	Friday Close	Prev. Close	% Change
Hong Kong	Hang Seng	9,858.49	9,658.07	+2.08
Singapore	Straits Times	1,411.81	1,410.22	+0.12
Sydney	All Ordinaries	2,675.50	2,904.80	-0.86
Tokyo	Nikkei 225	14,367.54	14,470.45	-0.71
Kuala Lumpur	Composite	542.23	549.24	-1.28
Bangkok	SET	340.94	332.67	+2.49
Saouti	Composite Index	520.05	499.14	+4.19
Taipei	Stock Market Index	5,318.52	6,275.53	-0.69
Manila	PSE	1,965.05	1,945.91	+0.98
Jakarta	Composite Index	395.09	397.80	-0.43
Wellington	NZSE-40	2,198.86	2,190.35	+0.39
Bombay	Sensitive Index	3,253.86	3,281.29	-1.45

Source: Reuters

Investment World Team

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The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

[illegible]

Friday's 4 P.M. Close
The 150 most traded stocks of the day
up to the closing on Wall Street.
The Associated Press

[illegible]

Friday's 4 P.M. Close
(Continued)

Country	Year	Value
China	1978	10.0
China	1979	10.0
China	1980	10.0
China	1981	10.0
China	1982	10.0
China	1983	10.0
China	1984	10.0
China	1985	10.0
China	1986	10.0
China	1987	10.0
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China	2036	10.0
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China	2038	10.0
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China	2041	10.0
China	2042	10.0
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SPORTS

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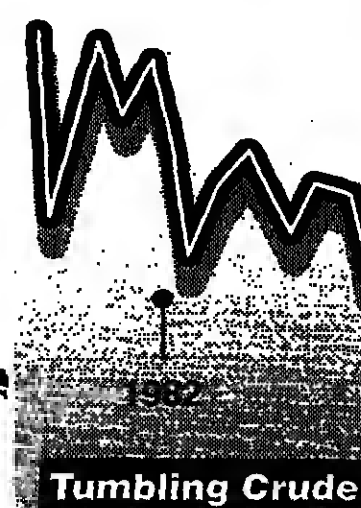
Website: www.iht.com/IHT/MONEY

Looking Up All the Way Down: Is Oil Finally Ripe for a Rebound?

By Conrad de Aenlle

YOU KNOW a powerful trend is in force in a market when even the U.S. government can buy low and sell high. That is what will be accomplished through the recently announced purchase of 28 mil-

lion barrels of crude oil to replenish the U.S. Strategic Petroleum Reserve after an equal amount was sold beginning in 1995.



lion barrels of crude oil to replenish the U.S. Strategic Petroleum Reserve after an equal amount was sold beginning in 1995.

The oil was sold gradually at an average price of nearly \$20 a barrel. If the new supplies, which will be acquired over the course of several months, are bought at today's prices of \$11 to \$12, taxpayers will realize a net gain of more than \$200 million, nearly a dollar for every citizen.

Except for occasional sharp but fleeting upward jolts, such as when Iraq invaded Kuwait in 1990, the price of crude has fallen relentlessly since the early 1980s. It is priced near multidecade lows of just under \$10 a barrel for light sweet crude, the predominant American grade, and about \$9 for North Sea Brent, the benchmark in Europe.

Some producers can turn profits at those prices, but others cannot. Because of the economics of oil — rising prices encourage exploration and production, adding supply and bringing prices back down, and lower prices have the opposite effect — there is a "natural trad-

ing range" of \$13 to \$18 a barrel for North Sea oil, said Peter Gignoux, manager of the petroleum desk at Salomon Smith Barney Inc. in London.

So why are sellers in the market willing to commit the unnatural act of accepting a smidgen more than \$10 a barrel? Because a number of factors have conspired to keep the supply of oil high and the demand low.

Over the last few years, economic growth in much of the world has slowed. Asia's normally ravenous appetite for oil has been drastically curtailed by the

"Maybe the Saudis are engaged in a war of attrition to knock out higher-cost producers," one trader said, noting that the decline in prices had cost the cartel, which owns 40 percent of the world market, \$64.5 billion in revenues last

year, compared with 1997.

With too much oil and out enough demand for it, inventories are building. Oil analysts at Lehman Brothers argue that prices will remain soft until existing stocks, which have risen nearly 10 percent in the last three years among developed economies, to just over four billion barrels, are drawn down.

"Until the current large overhang in inventories is brought down to more normal levels," they say, "oil prices will remain weak."

A decline in inventories sufficient to prop up prices should occur in the second half, they predict, assuming that OPEC members agree to further output cuts in March.

If the cuts are made, Lehman said, the

price of Brent could swiftly rise to \$14. If they are not, and if oil demand remains weak, Brent could slip to \$8.

While cutting production makes obvious sense, counting on OPEC to do the sensible thing can cause financial ruin.

John Wright, an oil analyst in London at Merrill Lynch & Co., advised investors not to bet on it.

"I think it's very unlikely we'll see additional cutbacks," he said, noting that compliance with existing quotas is slipping, with Iran and Venezuela thought to be the biggest offenders.

Merrill's forecast is for Brent to trade at an average price this year of \$13.50, "but it's already looking like there's a risk to that," Mr. Wright said.

Mr. Wright said. "They're suffering. As long as this goes on, there's a risk of political instability."

Mr. Gignoux reckons that a price rise could occur sooner rather than later.

"Production is starting to shut down; it's at its lowest level in 30 years in the lower 48 states," he said, adding that the United States is "hooked on cheap foreign crude. They don't think as much about energy security as they used to."

A threat to that security could come from year 2000 computer problems, Mr. Gignoux said. While the bug seems to have been worked out in much of the developed world, in his view some of the places where oil is produced are "dodgy."

If significant production dis-

ruptions occur, prices could spike higher.

"Do you invest in oil at these levels?" he said. "You have to put it on the radar screen. You can have a short, sharp move very quickly. A 10 percent move on North Sea doesn't even take it to the bottom of my range" of reasonable, sustainable prices.

Investing in oil is done mainly through futures contracts traded in New York, London and elsewhere. These involve obligations to buy or sell a fixed amount of oil at a fixed date.

A small amount of money is put up to hold the position, which must be closed before the contract expires, or else the buyer of a contract will have to pay up and accept delivery of a large quantity of oil.

Futures trading involves considerable leverage and risk. An alternative is to buy a call option on a futures contract. A call-option buyer may purchase a futures

contract but is not obliged to; the option can be sold instead.

The sale could be at a substantial profit if the price of oil has risen sufficiently, but if oil falls or even trades

flat, the option's value will fall, possibly expiring worthless. That makes it a risky proposition, if not as risky as trading futures.

Mr. Gignoux added that a would-be speculator should wait until the market has shown clear signs of turning up before taking the plunge.

"You always have to wait and listen to what the market's telling you," he cautioned. "Otherwise, you're just putting a chip down and betting red or black."

Upturn or Doldrums, Prospects for a Sector Whose New Day May Soon Dawn

For Optimistic Investors, Oil-Services Sector May Be the Place to Be

For Oil Companies, Worst of Times May Portend Better Times

By Barbara Wall

IF YOU BELIEVE the broadly held view that the energy industry is in a self-correcting situation and that petroleum prices will rise once the balance between supply and demand is restored, the oil-services sector is not a bad place to invest.

Historically, oil-services stocks have been the first to benefit from an upturn in the oil industry's fortunes, largely because of their acute sensitivity to the direction of commodity prices. Also, given the cyclical nature of the underlying stocks, the sector has the potential for explosive earnings growth. But is now the best time to buy into the group?

The oil-services sector, which comprises about 155 quoted companies worldwide, has been hit badly by the weakness in energy prices and reduced spending by petroleum producers. On a 12-month basis to mid-February 1999, the universe of oil-services stocks was down by about 48 percent, according to Allen Brooks, an oil-services analyst with CIBC Oppenheimer & Co. in Houston.

The asset-based services stocks, including supply-vessel companies and drillers, have experienced the worst declines in earnings and stock prices, according to analysts. The least-affected have been large, diversified companies that have interests outside the oil-services industry.

Although the short-term outlook for oil-services companies is not encouraging — analysts have forecast that 1999 earnings for the sector will be among the worst on record — investors continue to watch these stocks with interest.

"The phones are not ringing as much as they used to, but there is always a good turnout when I deliver a talk on the sector," said Geoff Kiebert, an oil-services analyst with Salomon Smith Barney Inc. in New York. "A lot of the interest comes from investors who have a definite opinion on the future direction of the energy markets. Many invest in oil services to add leverage to their investment portfolio."

One could argue that Asia will not quickly recover from its economic malaise and that oil prices will remain depressed far into the future. But few analysts seem to support this view.

oil prices will rise," said Mr. Brooks of CIBC Oppenheimer & Co. "As oil-services stocks are anticipatory of changing conditions in the industry, investors have to pay close attention to the sector if they want to exploit a turnaround in the stocks."

Most of the current interest in oil-services stocks comes from value investors, Mr. Brooks said. These investors concern themselves with asset values rather than earnings growth. They want a company's assets to be inexpensive relative to its stock price and they want there to be a floor below which the shares are unlikely to fall.

"The risk of investing in the sector now is that oil prices could still go lower, which would impact further on the oil-services stocks," Mr. Brooks said. "On the other hand, if investors wait until oil prices start to rise they will miss out on the bottom price."

Once investors have made up their minds that they want to have exposure to the oil-services sector, the next step is to look for companies that are in a strong position.

"I would focus on liquidity and avoid the small and mid-size capitalization stocks for the time being," Mr. Brooks suggested. "There are plenty of opportunities to invest in small-cap stocks when the sector has started to recover."

"Companies which will emerge intact from the present difficulties are the large services companies which have broad product lines," he added.

Halliburton would be one of my investment choices. As well as looking at a company's size and product lines, investors should also consider the strength of the company's balance sheet and the experience of its management."

Stephen Gengaro, an analyst at ING Baring Farnham Selz LLC in New York, said that companies involved in deep-water oil exploration and production are also likely to attract interest from value investors.

"There are economies of scale in deep-water mining that make a significant difference to the cost of producing a barrel of oil," Mr. Gengaro said. "More producers are turning their attention to this market, and oil-services companies with the relevant experience will be in greater demand. Investors might want to take a look at the Norwegian sub-sea construction firm Stolt

Comex or the Paris-based construction group Coffinet Stena. There are many other companies involved in deep-water mining that are in a good position going forward and the stocks have not yet been awarded for that position."

There are some oil-services stocks that stand to benefit from difficult industry conditions, according to Louisa Gerike, an analyst at WestLB Panmure in London.

"With the collapse in oil prices, producers are desperate to cut costs," Ms. Gerike said. "Outsourcing is one solution, and it is going to be the oil-services companies which pick up the contracts."

"The next gravy train will be oil-rig abandonment," she added. "None of the oil producers want to be the first to go down this road, but it will eventually happen. Companies that are in the business of removing and shutting down oil platforms should do well."

Ms. Gerike said she would be reluctant to jump into the oil-services sector before it was clear that energy prices had bottomed. She said, however, that Abbott Group PLC was worth investigating.

Abbott offers a number of services to oil producers, including drilling and inspection management.

The stock price held up remarkably well until the end of last year, but Ms. Gerike said the price had been volatile in recent months because of difficulties surrounding failed merger talks with ProSafe ASA, a Norwegian competitor.

"The Abbott Group's stock price was down 40 percent when news of the potential merger was leaked in early January," Ms. Gerike said. "A broadly held view at the time was that the valuations which were being applied to ProSafe and the Abbott Group worked against the Abbott Group's interests. The talks have been shelved temporarily and the company's stock price has since improved."

In her view, the company is "tightly run," well-positioned and "going forward."

"It has long-term contracts in place for development and production work, mainly in the North Sea,"

she added. "Also, by the end of the year, the group will have a cash surplus, which has led to speculation that it may be looking for a takeover target."

For further information:
• ARISTOTEL SCOTLAND FUND: Aristotel Scotland Fund is run by Aristotel Asset Management and invests primarily in oil services companies, many of which are not listed. Telephone: 44 1234 693 070.
• WESTLB PANMURE: 44 171 6340410

By Judith Rehak

IF IT IS ALWAYS darkest before the dawn, then this is the time to buy stock in oil companies. The industry has just suffered through one of the worst years in its history.

First, the critical supply-demand balance of oil fell apart, as the Asian economic crisis caused demand to plummet.

And Iraqi production increased. The final blow came when the members of the Organization of Petroleum Exporting Countries decided in late 1997 to boost production, dumping oil on a market that was already oversupplied.

The result was disastrous for oil prices and energy companies. Crude oil plunged from about \$20 a barrel 18 months ago to about \$12.60 currently, and the profits of oil companies plummeted right along with it.

Many major players saw their earnings decrease by more than 30 percent, while others had even worse results. Royal Dutch/Shell Group, for example, saw its net income plummet 95 percent last year.

But the good news for investors who like to bottom fish and are willing to be patient for the next 12 to 18 months, is that the worst may be over, leaving oil company share prices at bargain levels.

Although still-cautious analysts warn that 1999 will be a tough year, their outlook is improving for several reasons. The steep fall in demand from Asia appears to have finally bottomed out.

"Asia will see only a slight improvement this year, but it won't have any more decline in demand," said Douglas Terreson, who follows international oil companies for Morgan Stanley Dean Witter & Co. in Houston.

In keeping with Morgan Stanley's house view that the American and European economies will grow, he said he expected continued good demand from those regions.

At the same time, Mr. Terreson pointed out that the oil glut, while still significant, is shrinking.

Current world oil production is 75 million barrels a day, while consumption is only 74 million. But OPEC and non-OPEC production cuts are causing the oversupply to fall about 200,000 to 300,000 barrels a day, and he figures that

by the end of the year it could be 400,000.

"It won't fully rectify the situation, but it should improve the balance," he said.

If those estimates hold, he figures that the price of crude oil will recover to about \$15 a barrel by year's end, which is still well below its high, but enough to help oil companies start to recover.

But he warned that earnings growth was likely to be negligible this year.

Most likely to benefit, in Mr. Terreson's view, are the big international, integrated oil producers, who do everything from exploration and drilling to refining and producing petrochemicals.

He especially favors the two mega-merger stories of last year, BP Amoco PLC and the pending union of Exxon Corp. and Mobil Corp., expected to be approved by mid-year.

These companies are better positioned than others to benefit from even a small improvement in price because their mergers are enabling them to cut costs dramatically.

BP Amoco, for example, has announced that it will slash at least 7,000 jobs from its 100,000 employees around the globe. Mr. Terreson likes the opportunities that come from divesting assets and re-

deploying them into more productive areas. He also noted the company's "unsurpassed" portfolio of investments in oil drilling, in sites ranging from the Caspian Sea to Mexico and South America.

"These companies were already strong before the merger," he said. "Now they're outstanding."

The big leap in profitability is likely to come in 2000, when he is projecting earnings per share of \$4.55, compared with \$3.50 for this year.

"And those estimates could be boosted as benefits from the merger accrue," he added.

Michael Mayer at Schroder & Co. said he had outperformed ratings on all the major integrated oil stocks he follows because they were currently so cheap.

But his valuation model for the

biggest companies, which measures the relative attractiveness of 12 concerns, has come up with USX-Marathon Group and Texaco Inc. as the best buys.

Currently trading about 39 percent below Mr. Mayer's target price of \$32, Marathon increased oil and gas production and cut costs last year, only to see the savings eroded by falling oil and gas prices and declining margins for its refineries.

Mr. Mayer said he thought the cost cuts would enable Marathon to earn twice as much this year on \$15-a-barrel oil as it did in 1995, when the price of crude averaged \$18.40.

TEXACO, which according to his model has no more than 1 percent downside risk and a 53 percent upside, is suffering from many of the same problems as Marathon. It also must deal with currency losses last year that amounted to about 20 cents a share.

With oil at \$15 and assuming no foreign-exchange losses, Mr. Mayer is forecasting about \$2.10 a share in earnings this year.

Texaco is currently trading at about \$47, and his target price is \$63.

But just how quick a recovery to \$15 a barrel oil will be able to make depends on the OPEC countries. The members plan to meet on March 23 to decide whether they will cut or maintain their current oil production.

Mr. Mayer is not betting on one result or the other.

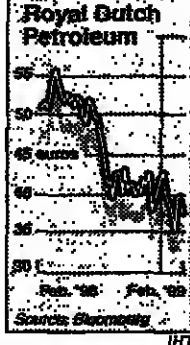
"In terms on which way they will go, you could flip a coin," he said.

To cover both possibilities, he has laid out two scenarios. Even if OPEC decides to keep producing at its current rate, he figures oil company stock prices are already so low, they would probably not fall much farther. But it would take longer for oil prices to recover because it will depend more heavily on non-OPEC countries cutting back, he said.

On the other hand, he said, "If they cut production, you might make a quick 10 to 15 percent profit."

A cut in production, he noted, would mean that the surplus inventories that have piled up would be gone by the end of the year.

But for investors, the real opportunity, these analysts agree, is in buying these stocks now, while prices are near their lows, and sentiment is still extremely negative. Then, sit back and wait for the profits to roll in a year or two from now.



THE MONEY REPORT

BRIEFCASE

Barings Envisions A Turkish Delight

"It's Turkey time," according to the Global Emerging Markets Strategy group at Barings Securities in London. A new report from Barings suggests that prospects for Turkey, and the Turkish Investment Fund Inc., have improved since two months ago, when there were fears that Turkey would be hit by contagion from Brazil's devaluation of its currency, the real. Turkey has long been plagued by high inflation and

volatile politics, but Barings contends that the country's political and economic systems are more resilient than they might appear to be.

The Turkish economy, which had been growing at an average rate above 6 percent for the past four years, slowed toward the end of 1998 and is likely to expand by only 2 percent this year.

Barings emerging-markets analysts, however, said they expected it to pick up in the second half and grow by 5 percent in 2000. Inflation, currently at about 80 percent, is projected to fall 24 percent this year.

On the political front, elections are scheduled for April 18. Barings' assessment is that no single party will win an absolute majority, but the analysts expect the next government to continue policy reforms and drive down real interest rates.

Barings noted that the electoral hand of Prime Minister Bulent Ecevit had been strengthened by the Feb. 16

arrest of Abdullah Ocalan, the Kurdish rebel leader.

Finally, despite a stronger showing of late, Istanbul's stock exchange is still trading at deeply discounted valuations. Stocks are trading at about 8.2 times their expected earnings this year and offering dividends of about 4 percent.

So Barings says the bad news has been priced in, making Turkey "among the cheapest markets within our [emerging-markets] portfolio."

The closed-end Turkish Investment Fund, which is managed by Morgan Stanley Asset Management, is listed on the New York Stock Exchange under the ticker symbol TKF. It is currently trading at about \$6 a share, up from a low of \$3.81 in early October. Its discount to net asset value is roughly 15 percent.

A cautionary note: Barton Biggs, chairman of Morgan Stanley Asset Management, sold all 10,192 shares he held in the fund in December at \$4.44. (HT)

give existing investors a broader investment exposure than they were previously used to, with no additional currency risks," said Andreas Kuschmann, a Fidelity Investments spokesman. "Although Fidelity generally favors active fund management, it opted for a Eurofund index-tracker to appeal to first-time investors."

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Investors Offered Funds in Singapore

Investors in Singapore will get access to five mutual funds offered by Frank Russell Co. as part of a program with Development Bank of Singapore Ltd.

DBS plans to offer an investment management program that will combine funds offered by its DBS Asset Management unit with five international stock funds from Frank Russell, which uses a multi-manager approach.

The Russell funds, all of which are offshore vehicles based in Dublin, are its U.S. Equity, Japan Equity, Pacific Basin Equity, U.K. Equity and Continental Equity funds.

They will be joined by a domestic Singapore stock fund, a global bond fund and a money-market fund from DBS Asset Management.

Investors will need a minimum of 50,000 Singapore dollars (\$29,000) to open an account when they become available later this year, a Russell spokesman said.

In Singapore, Ng Kee Choo, president of the government-controlled DBS, said the intention was to extend the program to other Asian countries. (HT)

Call Undiscovered

Several readers asked for contact information for the Undiscovered Managers fund mentioned in James K. Glassman's column last week. The telephone numbers are 1 214 999 7200, or toll-free in the United States, 1 888 242 3514. (HT)

Funds and Merger Mania

For Many, Managing Assets Is 2d to Getting Them

By Conrad de Aenlle

EUROPEAN fund-management companies are obsessed with growing their asset bases by entering new markets or raising their profile through mergers with or acquisitions of rivals. To the potential cost of investors who buy their funds, however, they do not seem nearly as preoccupied with how to manage the assets once they get them.

The agenda of an industry conference last month in Milan was devoted almost entirely to marketing funds and to the consolidation and restructuring that are occurring in financial services. Almost no time was spent discussing investment performance or the course of stock and bond markets, despite the volatility in the markets in the last year and the failure over the last several years of most funds to beat the benchmarks against which their performance is judged.

Susan Douse, a partner at the consultancy Watson Wyatt, presented research confirming the impression given by other speakers of an industry distracted by marketing considerations. In the 1980s, she said, performance and investment knowledge were among the "key drivers for strategic growth." These have been replaced in the 1990s by such trends as "passive management" and "product growth."

Investors can expect much of the same in the years to come. "The focus in the next decade will be on marketing and brand development," Ms. Douse said. She and other speakers noted that in a market saturated with funds and managers, companies are battling for market share and recognition of their products. The surfeit of managers and such factors as European integration are also forcing firms to combine through mergers and acquisitions.

Patrick Zurstrassen, managing director of Credit Agricole Indosuez in Luxembourg, expects the trend to continue. Noting that there were only five European carriers, he asked why there should be more than a handful of pan-European asset managers. While consolidation was a recurring

theme, Ms. Douse suggested that it had not been as beneficial — for the companies or for investors — as the industry thinks.

"For every good M&A transaction, there are three times as many which have an adverse effect on the quality of the organization," she said. "Investment-management integrity in all these mergers is a real big question."

The supply of fund managers keeps growing, but so does demand from investors. Paolo Canalfano, chief executive of Templeton Italiano, a unit of the Franklin/Templeton fund-management company, noted that with state pension systems being stretched by the aging of Europe's population and with returns on traditional savings instruments like bank deposits shrinking, investors were turning increasingly to mutual funds.

Mr. Canalfano warned his colleagues that as fund managers' sophistication grows and barriers to cross-border fund management in Europe fall, managers would be forced to upgrade their products and services.

"We still get away with too little information, with cost structures that are not transparent," he said. "This will not last much longer." In the next few years, he added, "a greater product range will be available."

Diana Mackay, business development director in London for the fund research firm Lipper Analytical Services, said the bull market in stocks and bonds was giving fund managers the luxury of dwelling on expanding sales, while giving short shrift to performance.

"The markets are strong, so it's easy to sell," said Ms. Mackay, who did not attend the conference. "As the job gets a bit tougher in difficult markets, when people start looking a lot more closely at performance, you have to persuade the public to stay in these funds. Investors fundamentally want to feel that they're putting 100 in and getting 100-plus back."

As long as the gain is reasonably close to benchmark indexes, they will be satisfied. "The pain comes when investors put 100 in and when they get their statements they see they've got less than 100 there," she added. "Then they become concerned."

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February 26, 1999

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THE MONEY REPORT

Bargain-Hunting? Forget the Price Tag and Discover the Value of Growth

DAVID POST is a money-manager in San Francisco who is more interested in how fast a company's profits are growing than in what its stock costs. This strategy — the growth investor's credo — has been extremely lucrative over the past five years, and especially in 1998. But it sounds like heresy to many investors. Isn't the idea to find good companies that are cheap and wait patiently until the market recognizes their value?

While it still makes sense to search for undervalued stocks, the market these days — and perhaps for a long time to come — is rewarding growth. If you do not have fast-growers in your portfolio, you are making a big mistake.

"People have discovered growth," Mr. Post said. "If you get the earnings right, you get the price right. It catches up."

Mr. Post is a partner in Harris Bretall Sullivan & Smith, LLC, which manages \$3.5 billion for individuals and for institutions such as pension funds. While the firm's culture is conservative and deliberate, it loves growth stocks.

Last year, Harris Bretall earned net returns for its clients of 36.2 percent, compared with 28.5 percent for the Standard & Poor's 500-Stock Index, which tracks the performance of large companies. Over the last five years, the firm's average annual returns have been 23.4 percent, compared with 24.1 percent for the S&P and just 17.4 percent for the average mutual fund, according to Lipper Analytical Services Inc.

The firm's portfolio is full of big, beautiful growth stocks: Microsoft Corp., the software company, is the largest holding, followed by Charles Schwab Corp., the discount brokerage firm, and Cisco Systems Inc., which dominates the market in computer networking products.

At the end of 1998, the average price-to-earnings ratio of Harris Bretall's 44 stocks was 52, meaning it cost \$52 to buy \$1 worth of a company's profits. By contrast, the P/E of the S&P was 29.

But there was another difference. Harris Bretall stocks were increasing earnings at a rate of 18 percent a year, while S&P stocks were growing at just 10 percent.

"We don't say that Cisco and Microsoft are cheap," Mr. Post said. He doesn't much care. Microsoft, with earnings now rising 25 percent annually, has risen by a factor of 14 over the past five years.

As for Cisco, it offers an interesting case study. In July 1997, it was trading at \$36, with a P/E of 37. On Thursday, it closed at \$98.50, with a P/E, based on estimates of earnings for the fiscal year ending July 1999, of 67. Earnings have been growing at 30 percent a year, according to Bloomberg Business News.

Now take a classic value stock: Caterpillar Inc., maker of construction equipment. In July 1997, it was trading at a price of \$35 a share and a P/E ratio of just 14. But on Thursday, Caterpillar closed at \$45.69 a share, with a P/E, based

on estimates of this year's earnings, of 13. Profits are up, but not by enough to thrill investors. The company's long-term growth rate is 10 percent annually.

Is the market overvaluing growth? Could be. But you should never underestimate a company whose earnings are zipping along. Even if the stock seems to be expensive by conventional measurements, growth holds the trump card — thanks to the power of compounding.

Take a stock that trades at \$200 a share and has earnings of \$4 a share. It is expensive at a P/E ratio of 50, but its profits are growing at 15 percent a year.

Say that the day after you buy the stock, it plummets to \$120 a share as the market suddenly decides the P/E of growth stocks should be 30, not 50. Bang — a loss of two-fifths of your investment in 24 hours. But you really should not mind as long as profits are booming.

At the end of 10 years, growing at 18 percent, earnings per share will reach \$21. Assume that the market continues to value these earnings at a P/E of 30. The stock, then, should be worth \$630 a share. So you have tripled your investment — despite that terrible one-day loss when the market readjusted its valuations.

In his newsletter, Personal Finance, Stephen Leeb recently pointed to firms with long-term records of both stability and growth, including Pfizer Inc., which has increased its earnings at a 19 percent annual rate for the past five years; Bank of New York Co. Inc., 15 percent; Johnson & Johnson, 14 percent; Coca-Cola Co., 14 percent; and Intel Corp., 21 percent.

Harris Bretall owns all of these except Bank of New York. But Mr. Post said he had a positive view of many financial stocks, including Citicorp and Travelers. American International Group Inc., the giant international insurer, and three San Francisco-based companies: BankAmerica Corp., Wells Fargo & Co. — whose largest single shareholder is Warren Buffett's Berkshire Hathaway Inc. — and Schwab.

Nearly all of the firm's holdings are very large-cap stocks, but it does own Starbucks Corp., a mid-cap, and estimates its rate of earnings growth at 35 percent with a P/E of 42. Starbucks, the coffeehouse chain, has quadrupled in price over the past five years but is down nearly 15 percent from its July high.

Harris Bretall does not run a public mutual fund, but it manages wrap accounts, or personal stock portfolios, for clients of brokerage firms. The firm's style is tax-efficient: Its annual turnover rate is 30 percent, indicating the average stock is held for more than three years, and the

current dividend yield is just 0.7 percent.

Among the best of the large-cap growth funds is Janus Twenty, managed by Scott Schoelzel, who last year notched a return of 73 percent and is up 7 percent already in 1999. Its portfolio, highly concentrated, is headed by Dell, America Online Inc., Microsoft, Time Warner Inc., Pfizer, Warner-Lambert Co. and Nokia Corp., the Finnish telecommunications company.

A less conventional choice for growth stocks is General American Investors Co., a closed-end fund, which trades on the New York Stock exchange. The fund has returned 34 percent over the past 12 months, compared with 20 percent for the S&P, and an annual average of 31 percent for the past three years, against 27 percent. It trades at a discount of 9 percent to the actual market value of its portfolio.

Top holdings are Home Depot Inc., Pfizer and Wal-Mart Stores Inc. — all holdings of Harris Bretall as well. Home Depot has an earnings growth rate of 24 percent, while Wal-Mart's is 12 percent. Home Depot has returned 83 percent in the past year; Wal-Mart, 81 percent.

Washington Post Service

For further information:
• GENERAL AMERICAN INVESTORS CO. Telephone: 1 212 910 9400, or, toll-free in the United States: 1 800 436 8401. Ticker symbol: GAM.
• JANUS TWENTY. Telephone: 1 303 333 3400, or toll-free in the United States: 1 800 525 8800. The fund is open to American investors only.

James K. Glassman's e-mail address is jglassman@thi.com.

Upbeat in Europe: On Salomon's List, 16 Alluring Stocks

ANALYSTS at Salomon Smith Barney Inc. have chosen 16 European stocks spread across 15 industries (there are two banks) that they expect to produce particularly strong risk-adjusted returns this year. Ten of the companies attract a "buy" rating from analysts; the other six merit a lower rating of "outperform," a reflection of the analysts' subdued opinion of those sectors.

Mark Howdle, Salomon's European equity strategist, cited circumstances that make the climate for investing in stocks in the euro zone favorable, including low interest rates, a feverish effort to reduce costs through corporate restructuring and demographic factors

that are expected to compel Europeans to invest in shares to help prepare for retirement. But weak economic growth is expected this year and next.

"There is room for significant earnings growth," Mr. Howdle said. "Of the main earnings-growth drivers, cyclical influences — demand, investment and inflation — will be relatively weak, but structural influences — cost-cutting, restructuring, lower cost of debt, leverage, buybacks and lower corporate taxes — will be important."

Salomon is less enthusiastic about Britain, where economic growth forecasts are falling fast and corporate earnings may be less than market participants are expecting; even so, half the picks are

wholly or substantially British.

The two banks, ING Groep NV of the Netherlands and the French bank Societe Generale SA, both get buy ratings.

ING has a solid balance sheet and strength in a number of different businesses, including fund management, insurance and retail and commercial banking, the analysts said. But its stock price is weighed down by the public's perception that ING is too heavily involved in emerging markets. As a result, "the shares offer the prospect of both value and growth," they said.

There is also plenty of both expected from Ralac Electronics PLC, a British company that was on last year's list. It had a 50 percent gain.

"Ralac Electronics is our best pick for the second consecutive year," said Mark Davies Jones, who covers the electronics sector. "We expect further strategic progress and continued valuation upside in the current year. Ralac is a play on rising data-communications traffic and on European defense restructuring, and we believe it is cheap."

Restructuring benefits are also part of the appeal of Stora Enso, Europe's largest paper producer. The merger of the Finnish and Swedish companies that formed it will save it about 300 million euros (\$330 million), said Salomon's Thomas Brodin. Expected sales of assets also make it attractive.

International Herald Tribune

Euro Picks			
"Buy" ratings:		"Outperform" ratings:	
Company	Country	Company	Country
ING Groep	Netherlands	Stora Enso	Finland
Ralac Electronics	Britain	Unilever	Netherlands
Societe Generale	France	Woolworth	France
Generali	Austria		

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February 26, 1999

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128 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	138 MAM FUND MANAGEMENT
129 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	138 MAM FUND MANAGEMENT
130 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	138 MAM FUND MANAGEMENT
131 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	138 MAM FUND MANAGEMENT
132 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	138 MAM FUND MANAGEMENT
133 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	138 MAM FUND MANAGEMENT
134 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	138 MAM FUND MANAGEMENT
135 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	138 MAM FUND MANAGEMENT
136 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	138 MAM FUND MANAGEMENT
137 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	138 MAM FUND MANAGEMENT
138 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	138 MAM FUND MANAGEMENT
139 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	138 MAM FUND MANAGEMENT
140 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	138 MAM FUND MANAGEMENT
141 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	138 MAM FUND MANAGEMENT
142 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	138 MAM FUND MANAGEMENT
143 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	138 MAM FUND MANAGEMENT
144 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	138 MAM FUND MANAGEMENT
145 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	138 MAM FUND MANAGEMENT
146 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	138 MAM FUND MANAGEMENT
147 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	129 MAM FUND MANAGEMENT	138 MAM FUND MANAGEMENT
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WORLD ROUNDUP

Mauresmo Avenges Her Loss to Hingis

TENNIS Stomping back from a nervous start, Amelie Mauresmo avenged her defeat by Martina Hingis in the Australian Open final with a 2-6, 6-1, 6-3 triumph over the world No. 1 at the Gaz de France Open on Friday in Paris.

Roared on by a passionate French crowd aware of the recent controversy between the players, Mauresmo used her greater physical power to eventually overrun Hingis in one hour, 30 minutes.

"It was like a soccer match," a despondent Hingis said of the crowd. "They were really against me."

The contest re-opened the controversy that erupted before last month's Australian final, when Hingis described Mauresmo, who is gay, as "half a man."

Hingis and Mauresmo had sought to play down the incident in the days leading up to the match, but both players were clearly in determined spirit. (AP)

Krajicek Reaches Semis

TENNIS The former Wimbledon champion Richard Krajicek, the hometown favorite Greg Rusedski and Hicham Arazi of Morocco reached the semifinals Friday of the Guardian Direct indoor tournament in London.

The fourth-seeded Krajicek had little trouble ousting the No. 5 Karol Kucera of Slovakia, 6-1, 6-3, and the No. 3 Rusedski, a Canadian-born Briton, defeated the No. 6 Thomas Enqvist of Sweden 7-5, 4-6, 6-3.

In a quarterfinal between unseeded players, Arazi defeated Dominik Hrbaty of Slovakia, 6-4, 6-2. Arazi is to face Rusedski in the semifinals Saturday.

Overshadowing all three matches was the marquee event set for late Friday with Yevgeni Kafelnikov of Russia poised to take over the No. 1 world ranking from Pete Sampras if he could beat Thomas Johansson of Sweden, ranked No. 19 in the world. (AP)

Canterbury Wins Opener

HOCKEY Canterbury Crusaders opened their defense of the Super 12 title with a victory Friday. The Crusaders ran in five tries as they beat their New Zealand rivals, the Waikato Chiefs, 48-3, in the opening match between the leading provincial teams in Australia, New Zealand and South Africa. (Reuters)

Rain Halts Sri Lanka

CRICKET Bad light and rain stopped play early Friday, after Sri Lanka had scored 293 runs for four wickets in its first innings on the third day of the Asian Test Series match in Colombo. Mahela Jayawardene hit an unbeaten century as Sri Lanka replied to India's 518 for seven declared. (Reuters)

Marseille Back on Top

SOCCER Olympique Marseille went back to the top of the French first division Thursday with a 1-0 victory over visiting Strasbourg. Robert Pires blasted the winner a minute after halftime. (Reuters)

In Yanks-Nets Deal, Steinbrenner to Stick to His Own Ship

By Richard Sandomir
New York Times Service

NEW YORK — George Steinbrenner will still be The Boss, even though the New York Yankees and the New Jersey Nets signed a letter of intent to merge the two teams into one company.

After a year of steady and serious courtship, the Yankees and the Nets announced Thursday that they planned to merge into a company called YankeeNets and promised that each team would continue to operate separately.

"George Steinbrenner has made it clear that he won't run the Nets," said the Yankees owner's spokesman, Howard Rubenstein, who spoke for his employer and for the Nets' owners when they all decided not to talk to the news media.

While a definitive agreement has not been signed, the plan is to create YankeeNets, in which each team will be an equal partner in a company designed to maximize the sale of local cable-television rights, sponsorships, luxury suites, tickets and advertising.

To create their 50-50 partnership, the teams will exchange some stock and the Nets will contribute at least \$350 million — perhaps as much as \$550 million —

raised from outside investors.

One source of capital is a group led by Allen and Co., an investment firm that is renowned for its entertainment-industry deals. A second source of money could be Tishman Speyer Properties, the real estate developer.

Donald Keough, chairman of Allen and Co., and Jerry Speyer, president of Tishman Speyer, were named to the YankeeNets board of directors.

Although there are 14 individual owners or ownership groups that control two or more teams in the four major sports, including Time Warner Inc. (the Atlanta Braves, Hawks and the NHL expansion Thrashers), Walt Disney Co. (the Anaheim Angels and Mighty Ducks) and Mike Ilitch (the Detroit Tigers and Red Wings), this is the first instance of two teams merging into one company.

In any case, the expansion of multiple-team ownership has occurred less for sporting reasons than for television and marketing advantages. Ultimately, it may not matter that the Nets have not won a championship since 1976, when they were in the American Basketball Association, and have started this lock-out-shortened season with a spate of injuries and a 2-9 record.

"The record is temporary," Rubenstein said. "They have very good ball players. With the drive these owners have, the Nets will be competitive."

The news that the champion Yankees would combine with the Nets, a team with a far less hallowed history, stunned Roy Boe, who bought the Nets for about \$100,000 in 1969 and owned them until 1978. "Wow!" Boe said from his home in Connecticut. "Holy smokes! This is mind-boggling. I'm shocked they kept it a secret. It's hard to imagine the Yankees would merge with the Nets, but there must be things we aren't aware of yet."

Boe speculated that Steinbrenner saw the wisdom in linking up with a NBA team, even after the lockout and despite the Nets not having the marquee value of the Knicks, Los Angeles Lakers or Boston Celtics.

"The NBA has made such incredible strides here and around the world," said Boe. The main benefits of the merger for the Yankees seem to be the cash infusion from the new investors and the leverage a second team could create in talks to renew the team's deals with Cablevision Systems Corp.'s local TV sports channels, the MSG Network, which carries Yankees games, and Fox Sports New

York, the Nets' channel.

YankeeNets could also form its own sports channel or make a deal with ESPN or Time Warner to create a channel to compete with Cablevision. Cablevision had made a bid of at least \$500 million for the Yankees, but talks broke down last November.

The Yankees' \$486 million, 12-year contract with MSG Network expires after the 2000 season, and the Nets' contract with Fox Sports New York expires after the 2001-02 season.

"Had Cablevision bought the Yankees, they could have linked them up with the Knicks and Rangers, which would have been a better package than the Yankees-Nets," said Jeff Phillips, a vice president at Houltham Lokey Howard & Zukin, a Chicago investment bank that specializes in sports finance. Cablevision's ownership of Madison Square Garden includes the New York Knicks, the New York Rangers and the arena.

The talks between the Yankees and Nets began about a year ago when Steinbrenner had meetings with Jerry Cohen, a member of the old and new Nets ownership groups. Serious negotiations began after Raymond Chambers and

Lewis Katz took control of the Nets in late October after paying \$150 million.

Chambers' and Katz's 38 percent ownership share of the Nets belongs to a charitable trust that has said it will funnel all its profits toward inner-city youth programs in New Jersey. The trust, the Community Youth Organization, will remain in place and will own 20 percent of YankeeNets. Bill Cosby, the entertainer, is a trustee and chairman of the trust.

In a statement, Steinbrenner said "over and above the obvious business reasons for the partnering of the two teams, I was moved by the Nets' commitment to youth." Although it was not announced, the Nets' charitable efforts are expected to be extended to areas of New York City.

Rubenstein was unable to say precisely what impact, if any, the merger would have on the Yankees' pursuit of a new stadium in Manhattan or New Jersey, or whether they would stay in the Bronx at a new or renovated stadium.

"Steinbrenner is retaining all options, including New Jersey," Rubenstein said. The Nets have proposed moving to a new arena in downtown Newark from the Meadowlands Sports Complex.



Mark McGwire signing autographs for some of his many fans at spring training.

For an Encore, McGwire Aims Low

After 70 Home Runs, Cardinal Slugger Sets a Goal of 50

By William Gildea
Washington Post Service

JUPITER, Florida — Tony La Russa, the St. Louis Cardinals' manager, opened the clubhouse door and Mark McGwire stepped forth to a welcome befitting the slugger who captivated baseball last year when he hit the astonishing total of 70 home runs.

Fans applauded him and scores of photographers and cameramen recorded the first official moments of Cardinals' spring training as he walked to an auxiliary field at the sprawling complex. Many more reporters waited to speak with him and new teammates watched him with awe.

This was especially true when he stepped into the batting cage and anticipation turned to love. The baseballs he hit made it seem like the Fourth of July. One after another, they left his bat almost too quickly to be seen at first, then soared high and far against the blue sky.

As if reacting to bursts of fireworks, fans cried "ooh" and "aah" repeatedly while looking up to follow the trajectories. True, McGwire was hitting soft tosses from an assistant coach, Rene Lachemann. But McGwire, 35 and feeling "like 19," swung as if he were going for 80 this season — which a Cardinals newcomer, Carlos Baerga, suggested was entirely possible.

"Eighty?" said McGwire with a laugh at what he considered an impossibility. "I did what I did last year with 162 walks. Maybe if I cut down my walks to about 90 there's a possibility. Now, that's just funny to think, 80. Geez. I'd definitely retire if I did that."

"No he wouldn't," La Russa interjected. "I'd sit him at 79." The happy talk occurred during a morning news conference scheduled for McGwire by the Cardinals in their hope, as their general manager, Walt Jocketty, put it, "to try to turn the page, close the book on '98 and look forward to '99."

This may be difficult to accomplish

because McGwire crammed so much history into that "book." Nevertheless, on a day that he said transported him back to last September because he was the center of attention, McGwire said that he would speak of '98 only during spring training and only on certain days. "Once the season starts, come April 5, talking about 70 is gone," he said firmly.

McGwire dodged the hypothetical question of whether he would trade the 70 home runs for a World Series ring, but without hesitation reaffirmed that he would continue using the controversial performance-enhancing supplement, androstenedione, which Major League Baseball is still studying.

It has absolutely nothing to do with hitting a baseball," he said. "It has something to do with me getting through the workouts through the season when you're worn down." The compound is illegal in many sports.

McGwire, in a state-of-the-slugger address, said that contrary to published reports, he would not be accompanied by bodyguards this season; that he had many "cool" and "neat" times during the offseason, especially when he appeared with the actress Helen Hunt on the sitcom "Mad About You" and when he met the Pope in St. Louis; that he had been deeply affected by stories people told him about the "impact" he had on their lives during the last season and that he had experienced intense pressure as he tried to hold off Sammy Sosa and "keep" the record after he broke Roger Maris' single-season mark of 61 set in 1961.

Sosa, who appeared to experience less pressure, finished with 66 homers.

McGwire made it clear that the price of glory and lasting fame was a loss of privacy and a vast increase, at least during last season, in pressure — there was pressure galore, as he told it.

"Nothing could be any worse than what I went through the last two months of the season," he said. "I

don't think there's ever been another athlete to be singled out in one sport like I was singled out for the last two months of the season. Every move you make is being watched."

"The most-asked question last year was, 'Did he hit one?' You ask anybody across America, that was the most-asked question. That's sort of tough when you're playing a team sport and the question should be, 'Did the Cardinals win?'"

Still, he called 1998 "a magical year" and set his home-run goal for 1999 at a more reasonable 50, typical of his seasonal output during his career.

McGwire, forearms massive as ever, said that "if I don't reach 70 again this year, someone will say, 'He had an off-year.'" But whatever happens, he said, he will continue cherishing the feelings people told him they experienced because of his 1998 season. "It's just neat to know I had a part in their summers," he said, "and put a lot of smiles on their faces."

McGwire traveled to Australia and vacationed twice in Mexico during the offseason and professed certainty that there was nowhere on earth he could go where he wouldn't be recognized. Some of his most ardent fans knew exactly where to find him this day and waited him out with both eagerness and patience, lining up along a fence for autographs after the players had completed a leisurely two-hour workout. McGwire moved along in front of them on the other side of the fence, signing baseballs and photographs and posters and pieces of paper. A father held his son, a woman waved a Cardinals' cap to get his attention — they and others had to settle for a glimpse of him.

"Where's McGwire, Mommy?" a small boy asked.

At about that time, a man shouted what he meant to be encouragement, but what McGwire knew he would be hearing for weeks and months to come and, at the moment, doubted could happen: "Hey, Mark, I hope you break your record."

Lakers Romp While Waiting For Rodman

The Los Angeles Lakers, with Bill Bertka filling in as coach for a night, warmed up for Dennis Rodman's first game with the club by beating the hapless Los Angeles Clippers, 115-100. "He looks as fit as anybody," Bertka

NBA ROUNDUP

said after watching Rodman go through his first full workout before the game Thursday. "Obviously, the guy's a remarkable athlete."

Rodman, who was expected to play Friday night when the two teams met again, on the Lakers' home court, did not attend the game Thursday in Anaheim, California, because "it would be a distraction if he was here," a Lakers' spokesman, John Black, said.

The Lakers are expected to appoint either Larry Drew or Kurt Rambis as coach for the rest of the season, following the firing of Del Harris on Wednesday. Bertka, Drew and Rambis were all assistants to Harris.

Kings 118, Wizards 103 Chris Webber had 17 points, 10 rebounds and 10 assists in his return to Washington.

Mitch Richmond, who came to Washington in the deal that sent Webber to Sacramento, was 0 for 5 at halftime before finishing with 16 points.

Pacers 81, Cavaliers 74 In Cleveland, Mark Jackson matched Webber's triple-double with 15 points, 12 rebounds and 11 assists as Indiana won its fifth straight.

Hawks 95, Rockets 87 Grant Long scored 20 points and LaPhonso Ellis had two late baskets as Atlanta won in Houston. Scottie Pippen had a triple-double



Shawn Kemp of the Cleveland Cavaliers, left, passing the ball over Antonio Davis of the Pacers.

for Houston with 15 points, 10 rebounds and 11 assists.

Suns 94, Grizzlies 86 Jason Kidd, the only player with a triple-double this season before Thursday's games, joined the party with 16 points, 16 assists and 12 rebounds as Phoenix won at Vancouver.

Knicks 118, Timberwolves 113 In New York, Allan Houston hit a 3-point shot with 4.6 seconds left in overtime as the Knicks came back from a 16-point deficit.

Mavericks 90, Nuggets 81 In Dallas, the Mavericks won the game, but lost Cedric Ceballos with a fractured right wrist. Denver lost the rookie Raef LaFrentz for the season with a torn ligament in his left knee. LaFrentz, a first-round draft pick, was averaging 14.9 points in his first 11 games.

Torons 98, Bulls 89 Allen Iverson had 20 of his 33 points in the first half to pace Philadelphia to victory. It was the sixth straight loss at home for Chicago.

Senators No. 1 After Victory Over Canadiens

Andreas Johansson couldn't come out for a curtain call. He already had been helped off the ice.

Johansson scored twice as the Ottawa Senators moved a point ahead of the

NHL ROUNDUP

Philadelphia Flyers for first place in the Eastern Conference with a 3-1 victory over the visiting Montreal Canadiens on Thursday night.

Johansson broke a 13-game scoring slump with his 18th and 19th goals of the season. But instead of being able to relish his best game for the Senators, Johansson was in pain. His left knee was scheduled to be examined Friday after he collided with a Montreal defenseman, Stephane Quintal, at center ice late in the game.

Penguins 3, Avalanche 2 Jaromir Jagr and Martin Straka scored third-period goals, rallying Pittsburgh to victory in Denver.

Jagr, the league's scoring leader, speared a loose puck in front of the net and pushed it past the Colorado goalie, Craig Billington, at 1:02 to tie the game. Straka got the clincher at 17:04.

Devils 3, Bruins 3 The rookie Cameron Mann again showed his flair for the dramatic as his third-period goal tied the game in Boston. Mann's four goals this season, all scored in the Bruins' last three games, have been instrumental in Boston victories or ties. This time, he found the net with 1:41 to go.

Maple Leafs 4, Islanders 1 Mats Sundin, Sergei Berezin, Tomas Kaberle and Tie Domi scored for Toronto as the Leafs won on Long Island.

ALIEN ABDUCTIONS By Dave Tuller

ACROSS

1 Mophead
7 Desert pastries
12 Scored in bezique
18 "1984"
19 Where fennels are picked?
20 Optum
21 Finding the space-time continuum?
22 It started a little before 1000 B.C.
23 Control
24 Baffled
25 Thank-you—
27 Pasty problem
28 Ago, in Aberdeen
29 Average
30 High priest in Exodus
32 Newcastle's river
33 Geology?
34 Migrate
35 headaches, so to speak
38 Ability to hit a target
42 Donkey drawer
43 Inevitable
44 Love everything
45 Part of a percussion section
47 Courses
48 — tree (Indiana state tree)
49 Commercial passage
50 Worth
51 Be attributable (to)
52 "Be—" ("Come on!")
53 Babe
54 American fairs?
56 Turn about
58 Capek drama
59 Barry Sanders and teammates
62 "Nonense!"
64 1970's-80's cause
65 Singer who co-starred in "Johnny Mnemonic," 1995
67 Limit placed on PBS?
71 Limping, maybe

DOWN

3 Words from Mr. Men
4 Mop
5 Efficiency symbol, in physics
6 Modern fat substitute
7 North Wind personified
8 "Aunt"—Cope Book
9 Dogrot and frostrot
10 Successor car to the Suburban
11 Off-shore lodging
12 Like some sympathies
13 "The King and I" role
14 Time to play taps
15 Like a landowner
16 Archduke that appear over the map?
17 Some Oklahoma Indians
18 Beger
19 Fabric name
20 Counting method
21 Queen Elizabeth, e.g.
22 Attention—
23 Experienced, old-style
24 Vow taler
25 More
26 Waterway for a talk show host?
27 Like some foreign movies
28 Cuneiform?
29 Talk show chatter
30 "— goes according to plan...
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427 People who study cuneiform?
428 Talk show chatter
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466 Calculus calculation: abbr.
467 Semiramis' realm
468 Communicating
469 People who study cuneiform?
470 Talk show chatter
471 "— goes according to plan

SPORTS

Woods Reaches Quarterfinals

Defeat of Cink Leaves No. 1 Seed Sitting Pretty in Match-Play Event

CARLSBAD, California — Tiger Woods, trying to salvage some weekend drama in a tournament suddenly short on big names, beat Stewart Cink on the 17th hole Friday to reach the afternoon quarterfinals of the Andersen Consulting Match Play Championship.

Woods never trailed in winning his third-straight match of the tournament, which began with the best 64 players in golf but had only three of the top 20 left going into the third round Friday.

Woods used his length off the tee to birdie two of the final three par-5s, finally putting the match away with a par on No. 17 for a 2 and 1 victory — or two holes ahead with one to go.

While Woods won again to advance to an afternoon match against Bernhard Langer or Jeff Maggert, Fred Couples and Phil Mickelson were in danger of being eliminated and leaving Woods as the only top-20 player still in the tournament.

Couples was 2-down to Steve Pate through 14 holes, while Mickelson was 3-down through 12 to Eduardo Romero of Argentina, who beat Greg Norman a day earlier.

Shigeki Maruyama of Japan, meanwhile, maintained his remarkable match-play run, leading Loren Roberts in his bid to make it eight straight match-play victories in a streak that began at the President's Cup.

The day began with 16 survivors chasing the \$1 million first prize in the first of three tournaments sponsored by the world's five top pro golf tours. Two

opening rounds had devastated the field, featuring upsets that eliminated such notables as David Duval and Greg Norman.

The winners Friday morning had to play another afternoon match to make it into the select group of four players who will tee it up in the semifinals Saturday.

Two days of match play did what the creators of the first match-play tournament in 14 years on the PGA Tour set out to do: generate pressure and excitement as players went head-to-head — playing for holes instead of cumulative strokes — with the loser heading home.

But the opening rounds cut down most of the big names, with Woods the lone remaining player in the top-10 to make it to the third round.

"We knew some top seeds would lose, but we didn't expect 90 percent of them to lose," Mickelson said.

Clifton Brown of The New York Times reported earlier:

Duval, seeded No. 2, was beaten by Bill Glasson, 2 and 1, on Thursday. Duval never led and he was not sharp, missing a 3-foot (1-meter) putt on No. 12, and an 8-foot putt for par on No. 17 to end the match.

Woods survived after a hard-fought, 1-up victory (decided on the last hole) over Bob Tway.

Before the tournament, Duval predicted some surprises, and his early departure became one of them.

"I didn't play well, and you get what you deserve when you don't play well," said Duval, who plans to take the next

three weeks off. "Everybody knows I'm not the biggest proponent of this format, but beyond that, I don't want to say anything, because it makes it sound like I'm crying, and I'm not. I got beat."

Join the club. Vijay Singh, the No. 8 seed, lost to Bernhard Langer, 2 and 1. Nick Price, the No. 9 seed, was eliminated by Jeff Maggert, 1-up, when Price bogeyed the final hole, missing a 5-foot putt for par. Justin Leonard, the No. 10 seed, was defeated by Maruyama of Japan, 4 and 2.

In golf, unlike tennis or college basketball, the difference between a No. 1 seed and a No. 64 is a fine line, one that becomes even more vague under the pressure of match play.

There were numerous momentum-changing shots Thursday, and most of them went in favor of the lower-seeded players. In the midst of the surprises, there was great golf and high drama.

Woods was pushed to the limit. Tway came within an inch of tying the match at No. 16, barely missing a 20-foot putt for birdie that hung on the front tip of the hole.

The final heartbreak for Tway came at No. 18. Woods hit a difficult chip shot badly near a greenside bunker, giving Tway an opportunity to even the match with a 10-foot putt for par. The putt looked good right up until it slid just past the left edge of the cup. Tway closed his eyes in anguish, while Woods breathed a sigh of relief.

"To be able to survive a match like this and get to the next round, I am relieved," said Woods.



Christian Hoffmann of Austria, right, lunging across the finish line ahead of Thomas Alsgaard of Norway.

Austria Wins Ski Relay Despite Fallen Hero

RAMSAU, Austria — With the tip of his right ski, Christian Hoffmann made cross-country history Friday in his native Austria.

Hoffmann lunged forward in a desperate final burst to beat Thomas Alsgaard of Norway at the finish line of the men's 10-kilometer relay at the Nordic Ski World Championship and give Austria its first relay gold medal at a

major competition.

Markus Gandler and Alois Stadlober gave Austria a lead of nearly 30 seconds after the first two classical style legs. But Mikhail Borwinov fell on the third leg, allowing Bjorn Dæhlie to slash the deficit to 5.5 seconds.

Borwinov, a Russian-born naturalized Austrian, fell in a downhill section, losing a pole and damaging his ski boot. He got up, threw away his

goggles, grabbed another pole and charged ahead.

Alsgaard, a powerful finisher, caught Hoffmann and then stayed behind him, waiting for the final sprint. But to the neck-to-neck finish, Hoffmann never lost the race and pushed his ski forward to win by 0.2 seconds.

The silver gave Dæhlie 17 world championship medals, tying him with Elena Vaelbe, the retired Russian star.

SCOREBOARD

BASKETBALL			
NBA STANDINGS			
EASTERN CONFERENCE			
ATLANTIC DIVISION			
Team	W	L	Pct
Orlando	18	10	.643
Atlanta	17	11	.607
New York	16	12	.571
Philadelphia	15	13	.538
Boston	14	14	.500
Washington	13	15	.464
New Jersey	12	16	.430
CENTRAL DIVISION			
Team	W	L	Pct
Indiana	18	10	.643
Minnesota	17	11	.607
Albany	16	12	.571
Cleveland	15	13	.538
Detroit	14	14	.500
Toronto	13	15	.464
Chicago	12	16	.430
WESTERN CONFERENCE			
PACIFIC DIVISION			
Team	W	L	Pct
Utah	18	10	.643
Portland	17	11	.607
San Antonio	16	12	.571
Vancouver	15	13	.538
Dallas	14	14	.500
Denver	13	15	.464
NORTHWEST DIVISION			
Team	W	L	Pct
Seattle	18	10	.643
Phoenix	17	11	.607
Los Angeles	16	12	.571
Golden State	15	13	.538
L.A. Clippers	14	14	.500

ICE HOCKEY			
NHL STANDINGS			
EASTERN CONFERENCE			
ATLANTIC DIVISION			
Team	W	L	T
Philadelphia	18	10	2
Pittsburgh	17	11	1
Washington	16	12	0
Carolina	15	13	0
Florida	14	14	0
CENTRAL DIVISION			
Team	W	L	T
St. Louis	18	10	2
Chicago	17	11	1
Minnesota	16	12	0
Colorado	15	13	0
WESTERN CONFERENCE			
PACIFIC DIVISION			
Team	W	L	T
Edmonton	18	10	2
Vancouver	17	11	1
Calgary	16	12	0
NORTHWEST DIVISION			
Team	W	L	T
Seattle	18	10	2
Phoenix	17	11	1
Los Angeles	16	12	0

CRICKET			
ASIAN CUP			
Team	W	L	T
India	18	10	2
Pakistan	17	11	1
Sri Lanka	16	12	0
Bangladesh	15	13	0
AFRICAN CUP			
Team	W	L	T
South Africa	18	10	2
Zimbabwe	17	11	1
Nigeria	16	12	0
OCEANIC CUP			
Team	W	L	T
Australia	18	10	2
New Zealand	17	11	1
West Indies	16	12	0

SOCCER			
FIFA WORLD CUP			
Team	W	L	T
France	18	10	2
Italy	17	11	1
Spain	16	12	0
CONCACAF CUP			
Team	W	L	T
USA	18	10	2
Mexico	17	11	1
UEFA CUP			
Team	W	L	T
Germany	18	10	2
England	17	11	1

WEDNESDAY, MARCH 3			
Team	W	L	T
France	18	10	2
Italy	17	11	1
Spain	16	12	0
THURSDAY, MARCH 4			
Team	W	L	T
France	18	10	2
Italy	17	11	1
Spain	16	12	0

SATURDAY, MARCH 6			
Team	W	L	T
France	18	10	2
Italy	17	11	1
Spain	16	12	0
SUNDAY, MARCH 7			
Team	W	L	T
France	18	10	2
Italy	17	11	1
Spain	16	12	0

U.S. COLLEGE SCORES			
BASKETBALL			
Team	W	L	Pct
North Carolina	18	10	.643
Duke	17	11	.607
Kentucky	16	12	.571
Michigan	15	13	.538
Illinois	14	14	.500
FOOTBALL			
Team	W	L	T
Alabama	18	10	2
Florida State	17	11	1
Ohio State	16	12	0

WORLD CHAMPIONSHIPS			
NORDIC SKIING			
Team	W	L	T
Austria	18	10	2
Norway	17	11	1
Sweden	16	12	0
ALPINE SKIING			
Team	W	L	T
Austria	18	10	2
Norway	17	11	1
Sweden	16	12	0

WORLD CHAMPIONSHIPS			
NORDIC SKIING			
Team	W	L	T
Austria	18	10	2
Norway	17	11	1
Sweden	16	12	0
ALPINE SKIING			
Team	W	L	T
Austria	18	10	2
Norway	17	11	1
Sweden	16	12	0

WORLD CHAMPIONSHIPS			
NORDIC SKIING			
Team	W	L	T
Austria	18	10	2
Norway	17	11	1
Sweden	16	12	0
ALPINE SKIING			
Team	W	L	T
Austria	18	10	2
Norway	17	11	1
Sweden	16	12	0

WORLD CHAMPIONSHIPS			
NORDIC SKIING			
Team	W	L	T
Austria	18	10	2
Norway	17	11	1
Sweden	16	12	0
ALPINE SKIING			
Team	W	L	T
Austria	18	10	2
Norway	17	11	1
Sweden	16	12	0

WORLD CHAMPIONSHIPS			
NORDIC SKIING			
Team	W	L	T
Austria	18	10	2
Norway	17	11	1
Sweden	16	12	0
ALPINE SKIING			
Team	W	L	T
Austria	18	10	2
Norway	17	11	1
Sweden	16	12	0

DENNIS THE MENACE



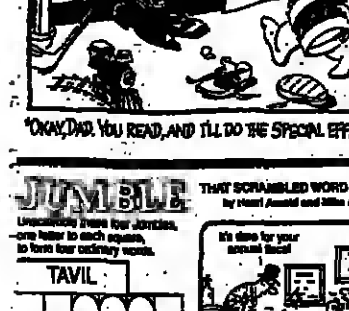
PEANUTS



CALVIN AND HOBBES



GARFIELD



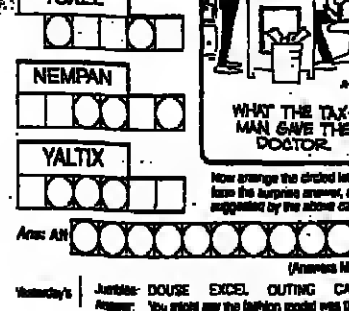
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WIZARD OF ID



BEETLE BAILEY



NON SEQUITUR



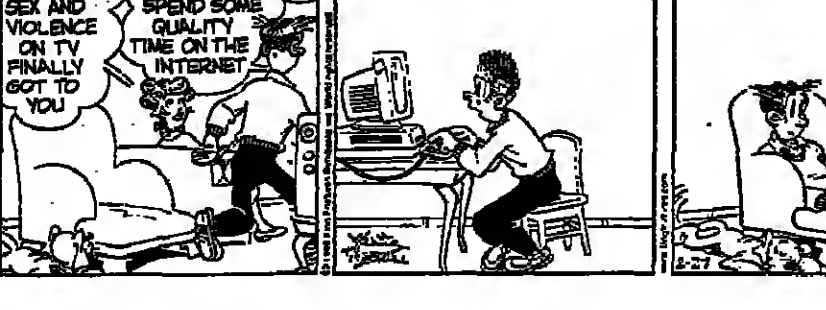
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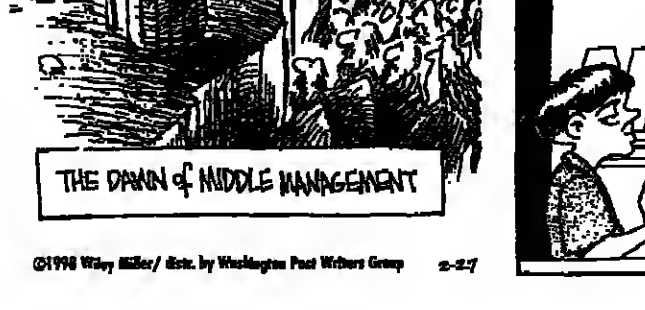
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THE WORLD'S DAILY NEWSPAPER

DAVE BARRY

The Bill of Wrongs

MIAMI — Lately there's been a lot of talk about an Air Traveler's Bill of Rights. This idea got a big push in January when a snowstorm forced some loaded planes to sit out on the Detroit airport runway for as long as eight hours, during which several passengers were eaten by wolves. This incident provoked national criticism of the airline involved, which I will not identify here other than to call it The Diametrically Opposite of Southeast Airlines. In its defense, the airline issued the following statement:

"We are experiencing mechanical difficulties with our statement."

I personally have had good luck with Diametrically Opposite Airlines, which — this is true — recently flew me from Miami to Traverse City, Michigan, via Detroit, for free. I fully intended to pay for the trip: I purchased what I thought was a ticket, and I used it to board the Miami-Detroit flight. But when I got to Detroit and tried to board the Traverse City flight, the gate agent told me my "ticket" was not a ticket. She then looked in her computer and told me, quote, "You're not in the system."

She looked in her computer and told me, quote, "You're not in the system."

"Well, there's no RECORD that you're here," the agent said. She called a supervisor, who checked the computer and also concluded that I was not there. I continued to argue that I WAS there, but I could tell they both believed the computer. Finally, just to get rid of me, they put me, with no ticket, on the flight to Traverse City, where there was also no record of my existence. I'm wondering if this is what happened to Amelia Earhart. All I know is, I was never charged for either leg of my trip to Traverse City, which for the record is a very nice tourist destination, featuring an annual ice-fishing festival, where this year the most popular attraction by far was a giant toilet carved from ice.

But my basic point is that air travel has become less and less pleasant, as more and more passengers are being crammed into planes that appear to have been configured to transport bait. This is why there is talk of an Air Traveler's Bill of Rights, which would require airlines to determine their fares on some basis other than lotto drawings, and serve food that is not made from the same material as flotation devices, and provide seats that allow for the possibility — however remote — that some passengers might have both arms AND legs.

As a frequent flyer, I am for these basic rights, and would like to see them expanded to include the following:

1. A passenger has the right to know that the pilot is alert and in good physical condition. When boarding the plane, the passenger may check the pilot's reflexes by challenging him to a game of "slaps."

2. If the in-flight movie is "The Waterboy," and this has also been the movie on the past four consecutive flights that a passenger has been on, the passenger has the right to demand that the pilot fly the plane into a mountain.

3. If a passenger is standing at the ticket counter with some hideously complex airline problem that has caused the other airline counter personnel to be sucked over, one by one, until they are all gathered in front of the problem passenger, staring in bafflement at the computer terminal, and this has been going on for 25 minutes, then the passengers waiting in line behind the problem passenger have the right to rush forward in a mob and stuff the problem passenger into the little box that indicates the maximum size of carry-on baggage.

My basic point is that air travel has become less and less pleasant.

perfectly normal." The flight attendant should just admit that the plane is going to crash and everybody is going to die.

5. Passengers changing planes in the Dallas-Fort Worth airport have the right to be provided with some way to travel the average 17 miles to their connecting gates other than walking or taking a "tram" that travels at the speed of fingernail growth and at one point passes through Mexico. Also, the Miami, Atlanta and Detroit airports should be renovated with nuclear weapons. The Denver airport is nice but should be moved to the same state as Denver. The Boston airport should also be moved to the same state as Denver; that way it would be easier to get to it from downtown Boston than it is now.

So those are my views on Air Traveler's Rights. If you're a frequent flyer, and you want to share your thoughts on this topic, I'd love for you to get in touch with me. Unfortunately, there is no record of my existence.

1999, The Miami Herald

Distributed by Tribune Media Services Inc.

A Fresh Cinematic Vision of Iranian Reality

By Leslie Camhi
New York Times Service

NEW YORK — During the summer of 1997, in a poor district in southern Tehran, the authorities learned that a 65-year-old man, together with his blind wife, had kept his 12-year-old twin daughters locked inside their house since birth.

Social workers intervened; the girls, unwashed and barely intelligible, were temporarily removed to a child welfare agency. Their parents were taken in for questioning.

Close by, in another neighborhood, an 18-year-old girl and her father, a prominent filmmaker, watched these events unfolding on the evening news and discussed them excitedly. Within days, the girl had borrowed her father's movie camera and the film stock for his next feature (a precious commodity, controlled by the government).

With her father's help, and a minimal crew, she began shooting, on location, the real-life characters in this drama.

"The Apple," an astonishing directorial debut by Samira Makhmalbaf, written and edited by her father, Mohsen Makhmalbaf, won praise when it was screened at the Cannes Film Festival last spring, but it also provoked a certain confusion. "One critic asked: 'What kind of country is Iran?'" Samira Makhmalbaf recalled, speaking animatedly in a mixture of English and Persian. "Is it a place where 12-year-old girls are incarcerated, or where 18-year-old girls make movies?"

The film, which opened in New York last week after screening in the New York Film Festival last fall, is both a realistic recreation of surreal events and a subtle allegory about the need for liberty. It mixes simple, potent symbols — a mirror, a watch, an apple — with surprisingly natural performances and cinematic sophistication, yet its true charm stems from the extraordinary gentleness and humor with which it surrounds the frail participants in this social tragedy.

The twins, though largely mute and physically impaired from years of confinement, nevertheless illuminate the screen with their awkward intelligence and palpable delight in freedom. Their impoverished, elderly father quotes from an antiquated parenting manual, describing girls as flowers, easily faded by the "sun" of strange men's gazes; his wily, hard-headed simplicity, which produced such calamitous consequences, is also touching and funny.

Yet the film's most painful and haunting



Samira Makhmalbaf began making her film, "The Apple," at age 18.

presence is the girls' blind and severely disturbed mother, a spectral figure who prefers to remain locked in her home, wrapped in her chador and continually muttering curses.

"It is useless to try to find someone to blame for her condition," said Makhmalbaf, sitting in the Manhattan offices of her distributor, New Yorker Films. "Who is to tell whether it was her husband's wish for her to be incarcerated, or her own? By the time society intervenes, she has so radically internalized this norm that even when the door is opened, she doesn't know what to do. The veil has become her entire universe."

"What I noticed about those two girls is that the more they came into contact with society, the more complete they became as human beings. For me that became a metaphor for all women. The other women in the neighborhood all have bars in front of their houses. They're all wearing chadors. They live in the same prison, just a little better. It doesn't mean they are as free as men, to have a role in society."

"But sometimes I think that women in Iran are like a spring. When you push them a lot, when they are under pressure, they are closed. But if they want to be free, and if they

try, they burst out with a lot of energy." It is tempting to see Makhmalbaf, who is articulate and vivacious, as the embodiment of a new generation. In fact, her precocious emergence as a filmmaker coincided with the promise of social change in Iran.

In May 1997, Mohammed Khatami was elected president in a landslide victory; he pledged openness, tolerance and concern for the aspirations of young people and women.

"It was very important that Khatami talked about young people," Makhmalbaf said.

"For 19 years, nobody cared about them."

Yet Makhmalbaf's startling cinematic vision is also the product of a unique education and circumstances. Among Iran's New Wave of filmmakers, Abbas Kiarostami may be the darling of Western critics, but Mohsen Makhmalbaf is more widely admired at home. Makhmalbaf practically grew up on sets where she watched her father direct more than a dozen features.

At age 15, Makhmalbaf informed her family that she wanted to quit high school to devote herself to film. "It took some time to convince them," she said. "That was my first practice in directing."

In response to her requests for guidance,

her father suggested books and films; friends and other family members soon joined their discussions. "Gradually, our meetings became more systematized, like lessons in a school," she said. "We studied the history of art, music, architecture, film, video, photography, literature and poetry."

During that time, Makhmalbaf made two video shorts, a documentary about styles of European painting and a fiction about a frustrated young artist.

Home schooling also sparked the cinematic ambitions of Makhmalbaf's siblings. Her 19-year-old brother Messam, who worked as a still photographer on "The Apple," is interested in editing; her little sister Hanna made her first short film at the age of 8.

The unlikely parallels between the destitute family in "The Apple" and this highly cultivated but incongruous household of auteurs were not lost on the film's Iranian viewers.

"Mr. Makhmalbaf also kept his children at home," said Jansheed Akrami, an Iranian film critic who teaches at William Paterson University in Wayne, New Jersey. "Not as prisoners, of course. But his logic was, I'm not happy with the educational system. I'm going to educate them myself. Well, it struck me that the actions of the father in the film were something like his."

Whatever its debt to her father's esthetic legacy, "The Apple" is guided by Samira Makhmalbaf's spirit of youth and independence. Yet "The Apple" also builds upon the contradictions of a country that since its Islamic revolution has supported a flourishing professional class of women while enforcing their hijab, or ritual veiling and seclusion; a country that has seen one of the world's great contemporary cinemas flourish amid strict government censorship.

Iranian film censors require women's figures to be veiled; male and female actors are prohibited from touching, and the use of close-ups is discouraged. Paradoxically, by making naturalistic depictions of romance difficult for directors to achieve, these restrictions have contributed to the development of a cinema uniquely engaged with social reality.

"What is being created," Makhmalbaf said of her film, "is in effect a Third World, neither real nor documentary; a conversation, a give-and-take, between my imagination and their reality. I didn't take my camera and intrude into the family's privacy. Instead, I generated an atmosphere of trust, in which we made the film together, collectively."

PEOPLE



BRAVO — The conductor Zubin Mehta and the Israel Philharmonic Orchestra receiving applause during a concert at Buckingham Palace in London.

IT WAS not a violation of celebrity airspace that caused the helicopter pilot Robert Butler to run afoul of a 40-year-old law against reckless flying, a prosecutor said. It was the noise made afterward by the neighbors. Residents of Malibu, California, complained in droves to sheriff's deputies about the 15 paparazzi-laden helicopters hovering over their neighborhood on July 1, the day Barbra Streisand married James Brolin at her cliff-side compound. But only one helicopter pilot flew too low, said the deputy district attorney, Martin Herscovitz. Witnesses said that Butler broke away from the other helicopters and buzzed over the wedding, endangering the lives of the 250 guests, according to the police. So in what Herscovitz called the first criminal case involving airborne paparazzi, Butler, 37, was charged Thursday with reckless flying and disturbing the peace. He faces up to nine months in jail and a \$1,400 fine.

"Baywatch," one of the world's

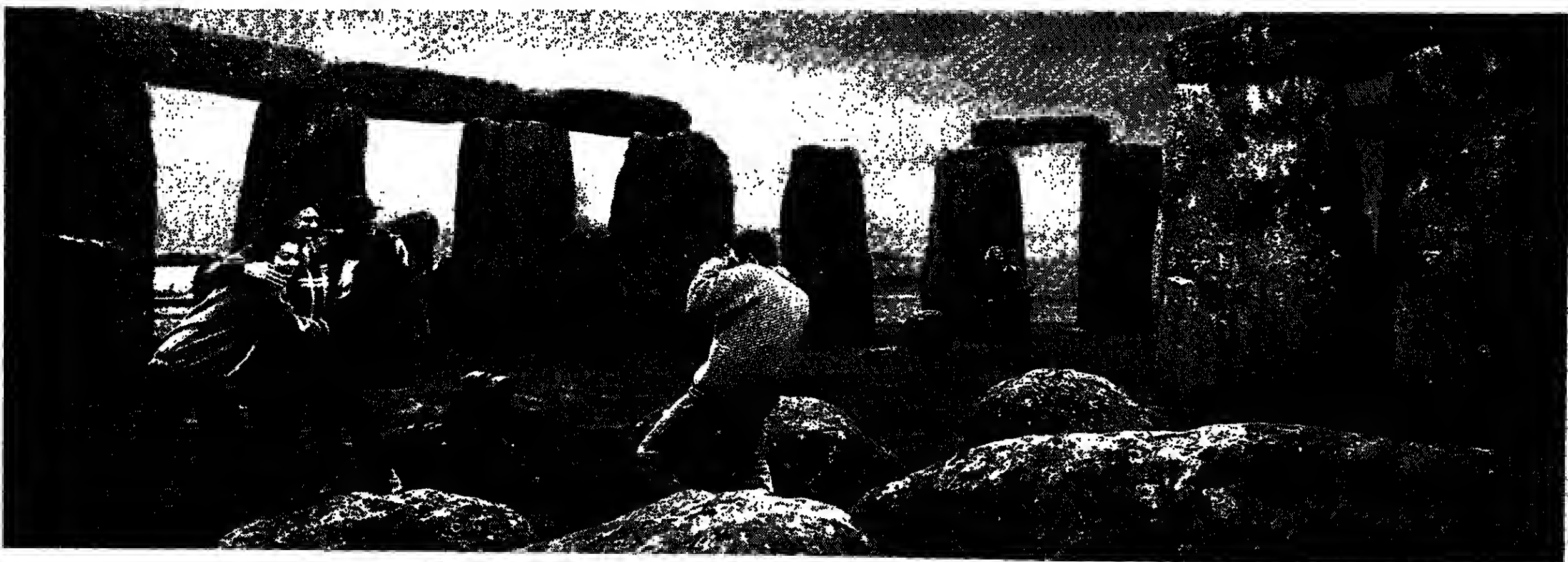
most-watched television series, is moving to Australia after all, after its producers secured an agreement Friday with Queensland State officials. The announcement came two days after the producers were heckled by about 2,000 rowdy opponents of the California program's proposed move to the Sydney beachside suburb of Avalon. The Queensland tourism minister, Bob Gibbs, said the deal was finalized in a meeting with Gregory Bounan, executive producer of "Baywatch." Gibbs said it would be worth about 20 million Australian dollars (\$12.6 million) to the local economy. "Baywatch," which is responsible for outliving the acting careers of Pamela Anderson, Yasmin Bleeth and David Hasselhoff, is televised in 144 countries in 32 languages.

Prince Edward is planning a U.S. tour to raise awareness and donations for the restoration of Windsor Castle, which was damaged in a fire in 1992. Stops on his tour, which will kick off in Miami on Wednesday, include Palm Beach, Flor-

ida, Chicago and Beverly Hills, California. The fire destroyed or damaged nine rooms in the royal family's weekend retreat west of London. It reopened to visitors in 1997 after about £30 million (\$60 million) worth of repairs. Edward plans to marry Sophie Rhys-Jones at the castle on June 19, a spokesman said.

Princess Juliana of the Netherlands has told her country in a letter that she will withdraw from public duties before her 90th birthday in April. "In my old age, public appearances are too demanding," the former queen said. Juliana abdicated in favor of her daughter, Queen Beatrix, in 1980.

John Lee Hooker is returning \$20,000 he received as part of his lifetime achievement award from the Rhythm & Blues Foundation. "I'm glad to be part of helping out by returning the funds from this award to help those who need the help right now," said Hooker, 81. The foundation assists needy artists.



(take in a rock show)

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